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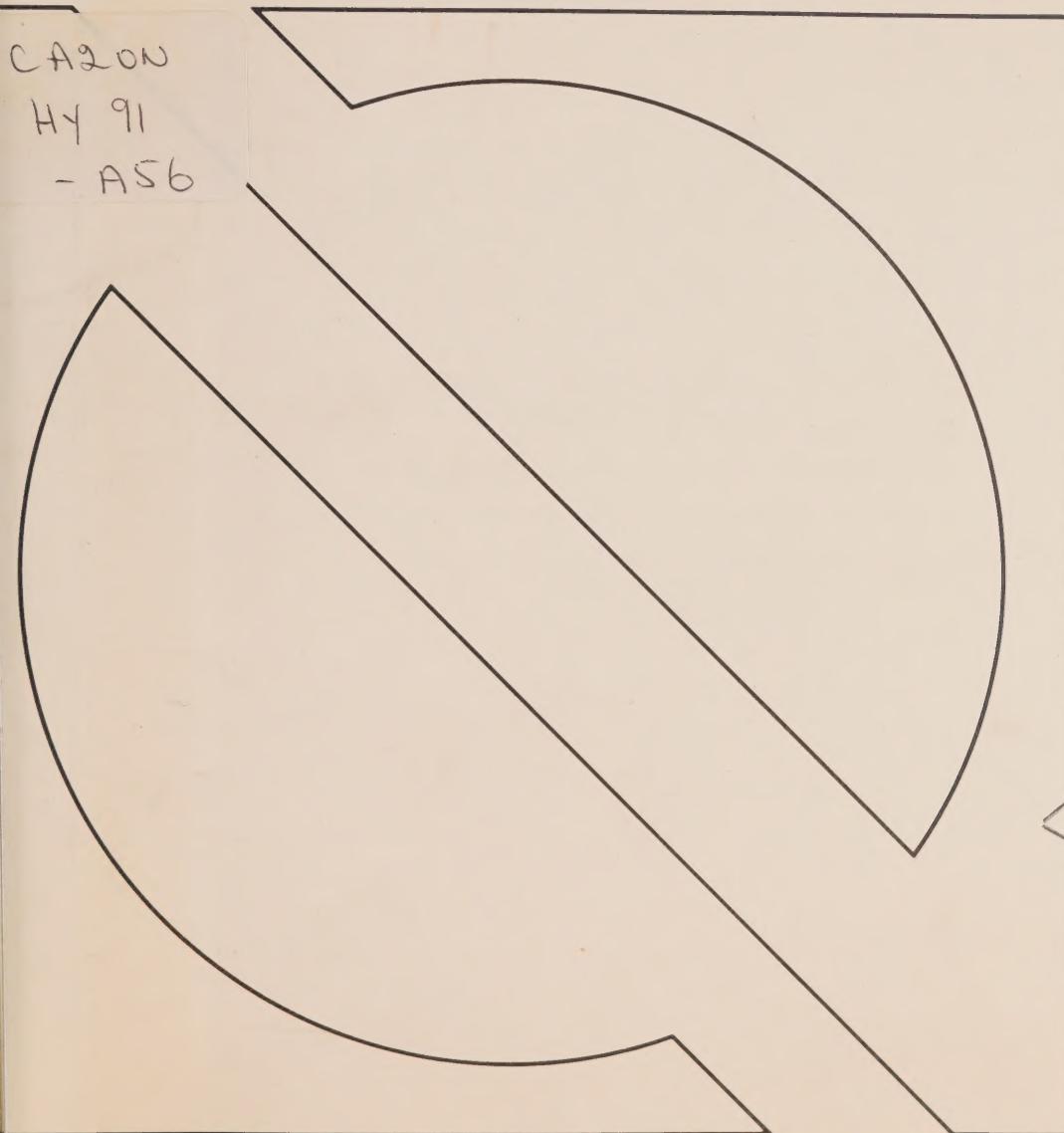
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Sixty-Seventh
Annual Report
of the
Ontario Northland
Transportation Commission

Province of Ontario

Honourable John P. Robarts, Q.C.
Prime Minister

For the Year Ended December 31, 1967



**Ontario
Northland
Transportation
Commission**

W. A. Johnston, M.P.P., Chairman, South River
W. R. Thompson, Commissioner, Swastika
J. A. Kennedy, Commissioner, North Bay
C. P. Girdwood, Commissioner, South Porcupine
M. A. Palangio, Commissioner, Cochrane
S. W. Gowan, Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay
F. S. Clifford, Manager of Rail Services, North Bay
S. W. Gowan, Director of Finance and Administration, North Bay
L. K. Smiley, Manager of Communications, North Bay
K. Passmore, Manager of Road Transport Services, Timmins



North Bay, Ontario, January 15, 1968.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

Mr. W. A. Johnston, M.P.P., Chairman.

Dear Sir:

The following report of operations for year ended December 31, 1967, is respectfully submitted.

At the close of 1967, financial prospects for Ontario Northland Transportation Commission were brighter than they had been for some time. For the first time in five years, a profit was shown on the over-all operation and there are indications that this position will show steady improvement in the foreseeable future.

Profits were shown by Ontario Northland Communications and the subsidiary Star Transfer Limited and progress is being made towards eliminating the deficit position of railway operations.

Commencement of shipments from the new Ecstall Mine of Texas Gulf Sulphur Company, near Timmins, increased railway earnings and further increases are anticipated as production expands at the mine. The Sherman Mine at Temagami is nearing the production stage and the large scale movement of iron ore pellets from this site will be another major factor in railway earnings.

EARNINGS AND EXPENSES:

RAIL, COMMUNICATIONS AND MISCELLANEOUS OPERATIONS:

	1967	1966	Increase
Total Revenue	\$21,909,849	\$18,786,028	\$3,123,821
Total Expense	<u>21,884,107</u>	<u>19,278,127</u>	<u>2,605,980</u>
Net Earnings	25,742	492,099	517,841
		Def.	

STAR TRANSFER LIMITED

Total Revenue	2,990,880	2,514,057	476,823
Total Expense	<u>2,746,529</u>	<u>2,312,317</u>	<u>434,212</u>
Net Earnings	244,351	201,740	42,611
Net Position, All Operations.....	\$ 270,093	\$ 290,359	\$ 560,452
		Def.	

**Ontario
Northland
Railway**

Decline in the gold mining industry, the displacement of coal and oil by natural gas and advances in highway transport have had their effect on railway freight operations. The decline in freight traffic created by these developments has been offset through development of the iron ore deposits near Kirkland Lake and Temagami and the discovery of the large base metals deposit near Timmins. Dependence on carload and less-than-carload freight as a major source of traffic is being succeeded by moving in large bulk at comparatively low rates. This new orientation of the freight service requires less manpower but heavier outlays for equipment and roadbed upkeep. Some indication may be gathered from the fact that railway freight tonnage increased by more than 77 per cent in four years while the number of railway employees remained unchanged.

General upgrading of the railway roadbed continued as planned. Heavier rail was installed on 83.2 miles of main line. Rock ballast was applied over 86.1 miles of line. The program of main line upgrading commenced in 1965 and is scheduled for completion in 1971. This work is reducing maintenance costs and will provide the necessary support for the heavier trains of the current era.

New rolling stock has been acquired to serve the needs of the Ecstall Mine near Timmins at a cost of \$1,282,393. Ore cars for the Sherman Mine at Temagami were purchased at a cost of \$677,810. The railway's stock of 1,000 boxcars was acquired prior to 1950. These are undergoing a program of modification in the North Bay shops to permit use of modern loading and unloading techniques. The cars are required principally in the movement of newsprint.

Railway freight increased by 18 percent in 1967 in comparison with the previous year. Mineral products accounted for 41 percent of the railway freight revenue. Forest products accounted for 32 percent of railway freight revenue.

The movement of newsprint by rail was down

slightly to \$2.58 million compared to \$2.67 million the year previous. This was in part due to a softening in the newsprint market. In addition, more newsprint is moving by our subsidiary Star Transfer Limited.

Revenue from pulpwood and other wood products increased by \$66,849 because of increased activity on timber limits in the district.

Completion of construction at Ecstall Mine and Sherman Mine reduced the flow of construction materials. This will increase again with proposed construction by the Ontario Hydro of new facilities near Cobalt.

PASSENGER SERVICES

Railway and bus lines passenger service is being more closely integrated and a separate department has been established under a manager of passenger services. Bus lines services have been expanded through the acquisition of small district area carriers and by development of new routes in pace with highway construction. Bus lines service has been extended from Timmins to serve Foleyet, Chapleau and Wawa. Connections are made with carriers from Toronto and from the Lakehead area to provide a service on the Northern Route of Trans Canada Highway.

Three new buses were added to the fleet in 1967. In addition, greater equipment utilization was made possible through pooling of equipment with connecting carriers. Revenues from bus lines operations increased 43.35 percent, due mostly to extension of routes, and because of heavier Centennial year travel.

Railway passenger service increased 13.25 percent. A portion of this was also attributable to increased Centennial year travel. Operation of more excursion trains to James Bay, and a general increase in travel to Moosonee (where the railway provides the only practical means of access) were also factors in the traffic increase.

To increase passenger train punctuality, express-

freight and mail are no longer being carried aboard Passenger Trains 87 and 88.

Passenger service terminals, used jointly by rail and bus lines, were renovated at Englehart, Timmins, Swastika and Temagami. Other terminals are to be renovated as this program continues.

COMMUNICATIONS

Demand for more extensive and a more varied range of communications services on the part of business, government, television and other media, has generated rapid growth in this department. Consequently, communications revenue is providing an ever-larger proportion of total Commission income.

Existing telecommunications facilities are being continuously upgraded and modified in keeping with contemporary advances. Consideration is being given to replace wire lines with micro-wave facilities to serve the Timmins area in 1968. This will provide more long distance circuits of a higher quality. It is also planned to transfer a major portion of CBC program transmission from wire to micro-wave facilities.

In addition to long distance telephone service in Northeastern Ontario, Ontario Northland Communications operates local telephone exchanges at Temagami and at Moosonee. Two-way radio, tied into the telephone network, serves isolate points on James Bay, remote mining exploration camps and tourist establishments. Mobile radio-telephone, teletype, TWX, and Telex services are also provided. Development of educational television network and increasing use of rapid data transmission to feed computers at distant locations, are among other facilities which may require additional telecommunications service.

Arrangements have been made to install data processing equipment in the main office building, North Bay, to take care of the Communications Department accounting and billing. Eventually additional applications will be made for other pro-



*Ontario Northland Communications Building and
Microwave Tower — Thibeault Hill, North Bay.*

grams in various departments of the Commission's operations.

EXPRESS-FREIGHT

To speed both aspects of service express-freight was segregated from passenger trains in July. This was carried out in conjunction with Canadian National Railways which provides connections for these services.

Express-freight terminals are located at New Liskeard, Kirkland Lake, Timmins, Cochrane, Porquis and Rouyn, Quebec. From the terminal points, express-freight is trucked to surrounding communities.

TOURISM

Operation of excursion trains between Cochrane and Moosonee during the summer months has proved to be an asset to the tourist industry in Northern Ontario. The trains have been well patronized and have returned a good surplus on their operation. Because of the popularity of the

one-day excursions, the service was extended to two excursion trains weekly, Wednesdays and Sundays.

At Moosonee, facilities at Moosonee Lodge were extended and net revenues increased accordingly. The goose hunting camp on James Bay was booked to capacity as it had been for the previous 15 years.

Boat lines operation on Lake Nipissing continue to operate at a loss from a net revenue standpoint. The cruises are a tourist drawing card and in this manner contribute to the economy of the North Bay area.

As a Centennial project, a steam locomotive was re-activated. Drawing vintage rolling stock, the steam locomotive visited various points along the line to enhance local Centennial observances. The steam train is being retained for possible further use as a tourist attraction.

Package tours were provided by Ontario North-



"The Centennial Steam Train". Ontario Northland's Centennial Project - 1967.

land Bus Lines for people of Northern Ontario wishing to visit Expo 67. The tours were well patronized earlier in the season, but loadings declined during the latter part of the summer.

STAR TRANSFER LIMITED

By a licence acquired in 1967, Star Transfer Limited can now provide service from Metro Toronto to and from the districts of Nipissing, Temiskaming, Cochrane and the Northeastern portion of the District of Sudbury, also between all points in that area.

By purchase of Grant Transport Limited, Star Transfer also acquired rights to operate between Hamilton and the northern areas described.

GENERAL

Administration of railway freight and passenger services has been segregated in the interests of efficiency. Personnel administration has been extended to allow expansion of employee training programs and to deal with other aspects of personnel work.

The number of employees on the payroll was held stable although payroll costs continue to climb, due to awards made to railway unions on a national basis.

SAFETY PROGRAM

Ontario Northland's Safety Program has been reviewed with the result a new program will be commenced early in 1968. Every effort will be made to identify and eliminate unsafe conditions now prevailing.

A series of lectures and study sessions will be conducted by a staff assistant with all employees over the entire system.

LABOUR-MANAGEMENT RELATIONS

Throughout the year numerous meetings were held between management at all levels and representatives of the employees from the various unions on

the system. These meetings normally deal with matters affecting employees covered by a particular wage agreement.

Several years ago the practice was established to set aside one day each year for a joint meeting of all General Chairmen with senior management to discuss matters of a more general nature. The format allows for the presentation of information of current interest by management followed by questions and suggestions from the General Chairmen. Later in the day departmental officers are available for discussions more specific in nature.

These sessions are proving to be an effective forum for discussion. The results have been gratifying to both parties, which is evidenced by the fact that meetings will be held more frequently in the future.

As another step to encourage better two-way communication, a joint labour-management consultation committee was formed late in 1967 composed of shop craft employees and senior officers. Meetings have been held monthly to discuss and attempt to resolve problems which are not covered by the wage agreement. Information has been freely exchanged with favourable results.

Yours very truly,

E. A. Frith,
General Manager.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

Balance Sheet

As at December 31, 1967 with
Comparative Figures for 1966

ASSETS

CURRENT ASSETS

	1967	1966
Cash	\$ 46,442.69	\$ 62,761.56
Agents' Balances	2,069,222.63	1,731,468.02
Accounts Receivable	627,344.91	686,489.49
Material and Supplies.....	2,251,723.86	2,187,039.09
Prepaid Insurance	81,740.04	130,431.78
	<u>5,076,474.13</u>	<u>4,798,189.94</u>

DEFERRED CHARGES AND OTHER ASSETS

Fire and Accident Insurance Funds	334,088.84	285,437.82
Bus Franchises.....	122,122.10	122,122.10
Discount and Expenses re Debenture Loans.....	50,867.38	68,381.41
Deposits	15,774.24	41,724.24
Miscellaneous	36,643.61	41,519.27
	<u>559,496.17</u>	<u>559,184.84</u>

INVESTMENT IN WHOLLY OWNED SUBSIDIARY

Star Transfer Limited	691,800.21	691,800.21
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INVESTMENT IN PROPERTY

Road — Main Line and Branches.....	75,462,942.32	73,352,916.52
— Improvements — Leased Lines	4,939,275.05	4,366,303.01
— Wholly Owned Subsidiary		
Nipissing Central Railway.....	4,268,987.29	4,268,987.29
Equipment — Rail and Highway.....	24,834,584.52	22,174,196.44
— Boat	245,436.70	264,454.90
Miscellaneous	300,429.15	255,015.27
	<u>110,051,655.03</u>	<u>104,681,873.43</u>
Less: Accumulated Depreciation.....	30,006,622.44	28,224,411.07
	<u>80,045,032.59</u>	<u>76,457,462.36</u>

CONTRIBUTORY PENSION FUND HELD IN TRUST.....

11,097,189.34	10,190,090.86
<u>\$ 97,469,992.44</u>	<u>\$ 92,696,728.21</u>

W. A. Johnston, Chairman.

D. E. MacDougall, Comptroller.

LIABILITIES

CURRENT LIABILITIES

	1967	1966
Demand Loans — Guaranteed by Province of Ontario	\$ 4,400,000.00	\$ 6,500,000.00
— Province of Ontario	4,500,000.00	500,000.00
Accounts Payable	2,288,489.19	1,600,795.67
Traffic Balances	1,655,036.29	1,097,257.15
Debentures Maturing in 1968	6,332,000.00	820,000.00
Accrued Interest	175,591.73	103,880.82
Deposits	25.00	25.00
	<u>19,351,142.21</u>	<u>10,621,958.64</u>

DEFERRED CREDITS AND RESERVES

Deferred Rental Revenue	489,748.98	445,318.33
Fire and Accident Insurance Reserves	334,088.84	285,437.82
Fidelity Insurance Reserve	3,610.43	3,610.43
Miscellaneous	3,041.25	
	<u>827,448.25</u>	<u>737,407.83</u>

LONG TERM LIABILITIES

Debentures — Guaranteed by Province of Ontario:

4 % — 1968		330,000.00
5 3/4 % — 1969-72	2,000,000.00	2,500,000.00
4 1/4 % — 1968		5,500,000.00
5 % — 1969	7,500,000.00	7,500,000.00
	<u>9,500,000.00</u>	<u>15,830,000.00</u>
Loan from Province of Ontario, Non-Interest Bearing	30,207,934.92	30,207,934.92
	<u>39,707,934.92</u>	<u>46,037,934.92</u>

CONTRIBUTORY PENSION FUND HELD IN TRUST

(Contra)

11,097,189.34

10,190,090.86

RETAINED INCOME

26,486,277.72

25,109,335.96

\$ 97,469,992.44

\$ 92,696,728.21

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1967 and the related statements of income, retained income and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related statements of income, retained income and source and application of funds present fairly the financial position of the Commission as at December 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George H. Spence, F.C.A., Provincial Auditor
Toronto, March 31, 1968.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

**Statement of
Retained Income**

for the year ended December 31, 1967

Balance December 31, 1966	\$ 25,109,335.96
Add —	
Net Profit for year ended December 31, 1967	\$ 165,862.05
Unclaimed Vouchers and Wages	470.50
Profit on the Sale of Property	30,889.24
Received from Province of Ontario to Compensate for 1965 Net Loss	<u>1,194,357.74</u>
	<u>1,391,579.53</u>
	<u>26,500,915.49</u>
Deduct —	
Uncollectible Accounts	5,095.20
Loss on Sale of Floating Equipment	<u>9,542.57</u>
Balance December 31, 1967	<u>14,637.77</u>
	<u>\$26,486,277.72</u>

Statement of Income

for the year ended December 31, 1967
with comparative figures for 1966

	Year Ended December 31, 1967	Year Ended December 31, 1966
RAILWAY OPERATING REVENUE		
Freight Services	\$13,032,645.79	\$11,033,418.03
Passenger Services	939,524.71	854,702.89
Express	860,088.65	888,307.23
Communications (Commercial)	5,482,002.22	5,167,911.19
All Other	1,595,587.96	841,688.82
Net Operating Revenue	<u>21,909,849.33</u>	<u>18,786,028.16</u>
RAILWAY OPERATING EXPENSE		
Road Maintenance	4,020,923.01	3,523,128.41
Equipment Maintenance	3,743,351.51	3,637,567.24
Traffic	201,730.52	207,220.63
Transportation	5,705,765.18	5,065,672.71
Miscellaneous Operations	291,662.73	183,030.09
Communications (Commercial)	3,462,650.05	3,203,203.63
General	1,331,843.37	1,194,671.36
Other — Bus, Boat Lines, Tourist Camp	723,759.12	456,440.16
Total Operating Expense	<u>19,481,685.49</u>	<u>17,470,934.23</u>
Net Revenue from Railway Operations	<u>\$ 2,428,163.84</u>	<u>\$ 1,315,093.93</u>

Year Ended
December 31, 1967 Year Ended
December 31, 1966

TAXES AND RENTS

Railway Tax Accruals	\$ 126,511.46	\$ 132,183.95
Equipment Rents.....	143,029.20	44,591.36
Joint Facility Rents.....	40,790.87cr.	31,425.33cr.
Total Taxes and Rents.....	<u>228,749.79</u>	<u>145,349.98</u>
Net Railway Operating Surplus	<u>2,199,414.05</u>	<u>1,169,743.95</u>

OTHER INCOME

Dividends – Star Transfer Limited	140,120.00	142,295.00
Other Income Charges.....	<u>65,982.40dr.</u>	<u>798.71</u>
Total Other Income	<u>74,137.60</u>	<u>143,093.71</u>
Surplus Before Fixed Charges	<u>2,273,551.65</u>	<u>1,312,837.66</u>

FIXED CHARGES

Interest on Funded Debt.....	785,930.05	827,406.64
Interest on Unfunded Debt.....	525,792.40	39,996.38
Discount and Expenses re Debenture Loans.....	18,243.15	17,514.06
Interest re Contributory Pension Fund	<u>777,724.00</u>	<u>777,724.00</u>
Total Fixed Charges	<u>2,107,689.60</u>	<u>1,662,641.08</u>
Net Profit (Loss) Carried to Statement of Retained Income.....	<u>\$ 165,862.05</u>	<u>\$ (349,803.42)</u>



"Open Pit Mining". Ecstall Mining Ltd., Kidd Township.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

**Statement of Source
and Application of Funds**

for the year ended December 31, 1967

SOURCE OF FUNDS

Net Profit for the Year	\$ 165,862.05
Add: Charges to Operations not Requiring an Outlay of Funds	
Provision for Depreciation	2,829,020.31
Amortization of Discount on Debentures	17,514.03
Loss on Disposal of Equipment	4,994.26
Received from Province of Ontario re 1965 Net Loss	<u>3,017,390.65</u>
Decrease in Working Capital —	
Increase in Debentures Payable — Net	5,512,000.00
Increase in Demand Loan	1,900,000.00
Other	1,038,899.38
Deferred Rental Revenue	<u>44,430.65</u>
Profit on Sale of Property	<u>30,889.24</u>
Miscellaneous Items — Net	<u>23,159.71</u>
	<u>12,761,127.37</u>

APPLICATION OF FUNDS

Additions to Fixed Assets	6,622,417.76
Less: Recovery on Retirements	<u>191,290.39</u>
Reduction in Long Term Liabilities — Transferred to Current Liabilities	<u>6,330,000.00</u>
	<u>\$12,761,127.37</u>



Ontario Northland Bus Lines.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

FREIGHT SERVICES

	Year ended December 31, 1967	Year Ended December 31, 1966
Freight.....	\$12,929,858.11	\$10,954,459.60
Switching.....	8,643.46	14,652.60
Demurrage.....	93,724.12	63,974.20
Storage.....	420.10	331.63
Total	<u>13,032,645.79</u>	<u>11,033,418.03</u>

PASSENGER SERVICES

Passenger.....	769,798.68	679,745.43
Dining and Buffet Service.....	130,937.99	131,499.43
Station, Train and Boat Privileges.....	4,759.73	5,213.39
News Service and Restaurants.....	31,710.26	35,903.94
Baggage, Transportation and Storage	2,318.05	2,340.70
Total	<u>939,524.71</u>	<u>854,702.89</u>

EXPRESS

Express	860,088.65	888,307.23
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COMMUNICATIONS (COMMERCIAL)

Telegraph.....	298,695.39	333,975.97
Telephone.....	5,183,306.83	4,833,935.22
Total	<u>5,482,002.22</u>	<u>5,167,911.19</u>

ALL OTHER

Mail	36,624.42	60,638.78
Highway Transport — Bus.....	544,445.91	374,567.65
Boat Lines	51,152.14	56,096.25
Tourist Camps.....	160,961.40	127,002.09
Milk	3,489.09	3,901.75
Rent, Buildings and Other Property	615,836.87	79,696.62
Miscellaneous	85,032.51	143,490.62
Expo '67 — Bus Excursions	98,045.62	
Joint Facilities		3,704.94dr.
Total	<u>1,595,587.96</u>	<u>841,688.82</u>
Total Operating Revenue	<u>\$21,909,849.33</u>	<u>\$18,786,028.16</u>

**Details of
Operating Revenue**

for the year ended December 31, 1967
with comparative figures for 1966

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

**Details of
Operating Expense**

for the year ended December 31, 1967
with comparative figures for 1966

	Year Ended December 31, 1967	Year Ended December 31, 1966
ROAD MAINTENANCE		
SUPERINTENDENCE	<u>\$ 158,505.32</u>	<u>\$ 151,112.87</u>
TRACK AND ROADWAY		
Track and Roadway Maintenance	1,635,603.13	1,534,458.86
Ties	13,025.92	10,534.50
Rails	69,758.91cr.	84,436.89cr.
Other Track Material	63,902.96	74,005.37
Ballast	646.13cr.	18.63cr.
Fences, Snowsheds and Signs	13,283.35	8,003.54
Small Tools and Supplies	80,483.12	59,533.68
Removing Snow, Ice and Sand	246,777.18	190,631.05
Total	<u>1,982,670.62</u>	<u>1,792,711.48</u>
BRIDGES AND STRUCTURES		
Tunnels, Bridges and Culverts	89,699.55	78,545.25
Station and Office Buildings	89,052.69	146,405.43
Roadway Buildings	41,962.07	32,689.00
Water and Fuel Stations	6,423.77	11,831.55
Shops and Enginehouses	76,682.75	77,970.10
Power Plant Systems	7,494.40	2,345.94
Other Structures	7.13	53.69
Total	<u>311,322.36</u>	<u>349,840.96</u>
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS		
Communications (Rail)	32,331.44	47,763.54
Signals	140,125.30	134,780.45
Total	<u>172,456.74</u>	<u>182,543.99</u>
MISCELLANEOUS		
Roadway Machines	113,012.30	65,902.09
Injuries to Persons	47,449.12	33,396.96
Public Improvements		119.00
Insurance	21,414.18	11,162.27
Stationery	1,664.68	577.70
Other Expenses	35,190.83	30,973.76
Total	<u>218,731.11</u>	<u>142,131.78</u>

Year Ended
December 31, 1967 Year Ended
December 31, 1966

DEPRECIATION AND RETIREMENTS

Road and Property Depreciation	\$ 1,245,780.00	\$ 965,280.00
Dismantling Retired Road Property	3,885.38	863.09
Total	<u>1,249,665.38</u>	<u>966,143.09</u>

JOINT FACILITIES

Maintaining Joint Facilities	<u>72,428.52cr.</u>	<u>61,355.76cr.</u>
Total Road Maintenance	<u>4,020,923.01</u>	<u>3,523,128.41</u>

EQUIPMENT MAINTENANCE

SUPERINTENDENCE	<u>133,193.70</u>	<u>118,385.58</u>
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MACHINERY

Shop and Powerhouse Machinery	<u>97,929.01</u>	<u>67,668.07</u>
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EQUIPMENT

Diesel Locomotives.....	1,203,411.72	1,169,657.45
Freight Train Cars.....	1,016,647.27	1,048,901.24
Passenger Train Cars.....	339,677.51	367,504.36
Work Equipment.....	69,688.35	79,649.24
Other Equipment.....	2,237.64	1,377.03
Total.....	<u>2,631,662.49</u>	<u>2,667,089.32</u>

MISCELLANEOUS

Injuries to Persons.....	32,664.75	33,409.81
Insurance.....	56,227.60	28,215.89
Stationery.....	4,072.46	4,327.20
Total.....	<u>92,964.81</u>	<u>65,952.90</u>

DEPRECIATION AND RETIREMENTS

Other Equipment and Machinery Depreciation	40,648.19	36,116.10
Dismantling Retired Equipment.....	8,395.03	432.17
Rolling Stock Depreciation.....	743,940.00	687,036.00
Total.....	<u>792,983.22</u>	<u>723,584.27</u>

JOINT FACILITIES

Maintaining Joint Facilities	<u>5,381.72cr.</u>	<u>5,112.90cr.</u>
Total Equipment Maintenance	<u>\$3,743,351.51</u>	<u>\$3,637,567.24</u>

Year Ended
December 31, 1967 Year Ended
December 31, 1966

TRAFFIC

Superintendence	\$ 65,317.74	\$ 106,028.86
Agencies	90,099.58	38,602.81
Advertising.....	20,579.80	32,924.40
Associations	6,287.62	4,354.69
Stationery	18,466.79	24,331.87
Other Expenses	978.99	978.00
Total Traffic.....	<u>201,730.52</u>	<u>207,220.63</u>

TRANSPORTATION

SUPERVISION

Superintendence	216,462.48	208,329.56
Dispatching	123,473.12	89,477.94
Total.....	<u>339,935.60</u>	<u>297,807.50</u>

STATION SERVICES

Station Employees	1,198,089.02	1,158,431.24
Weighing, Inspecting and Demurrage	3,950.93	3,276.88
Station Expense	289,144.16	281,177.84
Total.....	<u>1,491,184.11</u>	<u>1,442,885.96</u>

YARD SERVICES

Yardmasters and Clerks	275,296.86	206,065.36
Yard Trainmen	315,326.90	279,274.14
Yard Switchmen	8,927.16	7,289.56
Yard Enginemen	138,178.89	128,737.96
Yard Locomotive Fuel and Power.....	30,903.70	25,666.40
Yard Locomotive Water	160.34	167.86
Yard Locomotive Other Supplies	2,494.77	1,412.46
Yard Enginehouse Expenses	1,420.55	12,035.15
Yard Other Expenses	9,183.85	8,268.89
Total.....	<u>781,893.02</u>	<u>668,917.78</u>

Year Ended
December 31, 1967 Year Ended
December 31, 1966

TRAIN OPERATIONS

Train Enginemen.....	\$ 485,646.23	\$ 499,536.73
Train Locomotive Fuel and Power	599,645.97	551,536.79
Train Locomotive Water	3,683.98	3,774.11
Train Locomotive Other Supplies.....	48,664.37	35,846.98
Train Enginehouse Expenses.....	297,097.06	293,697.84
Trainmen.....	773,072.19	744,912.64
Train Other Expenses.....	639,509.02	474,114.03
Total.....	<u>2,847,318.82</u>	<u>2,603,419.12</u>

MISCELLANEOUS

Signal Operations	1,078.85	947.30
Crossing Protection.....	8,630.26	7,514.18
Stationery	45,254.01	44,965.47
Other Expenses.....	40,779.13	34,880.35
Total.....	<u>95,742.25</u>	<u>88,307.30</u>

CASUALTY COSTS

Clearing Wrecks.....	122,964.61	37,507.78
Damage to Property.....	959.95	6,997.23
Loss and Damage — Freight.....	252,008.50	116,848.13
Loss and Damage — Baggage.....	281.46	284.51
Injuries to Persons	50,636.52	55,296.37
Total.....	<u>426,851.04</u>	<u>216,934.02</u>

JOINT FACILITIES

Operating Joint Yards and Terminals	277,159.66cr.	252,598.97cr.
Total Transportation	<u>\$5,705,765.18</u>	<u>\$5,065,672.71</u>

Year Ended
December 31, 1967 Year Ended
December 31, 1966

MISCELLANEOUS OPERATIONS

Dining and Buffet Service.....	\$ 176,625.20	\$ 149,448.89
News Service and Restaurant	26,171.16	32,859.36
Other Expenses		721.84
Power	16,794.16cr.	
Water.....	1,298.59	
Expo '67 — Bus Excursions.....	104,361.94	
Total Miscellaneous Operations.....	<u>291,662.73</u>	<u>183,030.09</u>

COMMUNICATIONS (COMMERCIAL)

Telegraph Maintenance.....	208,451.53	196,070.80
Telegraph Conducting Operations	99,724.32	93,417.30
Telegraph General	34,626.50	32,445.10
Telegraph Municipal Taxes.....	3,462.65	2,605.62
Telephone Maintenance	1,227,855.69	1,135,236.70
Telephone Conducting Operations.....	1,604,938.27	1,483,497.70
Telephone General.....	243,078.03	225,737.88
Telephone Municipal Taxes	40,513.06	34,192.53
Total Communications	<u>3,462,650.05</u>	<u>3,203,203.63</u>

GENERAL

General Officers	164,479.01	172,685.38
Clerks and Attendants	452,022.73	403,968.61
Office Expenses.....	29,100.21	25,654.56
Law Expenses	20,014.94	24,788.18
Insurance	23,133.77	11,625.36
Pensions	548,142.80	507,871.68
Stationery	24,320.47	28,695.88
Other Expenses	105,958.59	49,772.76
Joint Facilities General	35,329.15cr.	30,391.05cr.
Total General	<u>1,331,843.37</u>	<u>1,194,671.36</u>

OTHER

Highway Transport Operations — Bus	541,509.69	285,043.00
Boat Line Operations	79,061.53	80,400.29
Tourist Camp Operations	103,187.90	90,996.87
Total Other	<u>723,759.12</u>	<u>456,440.16</u>
Total Operating Expense.....	<u><u>\$19,481,685.49</u></u>	<u><u>\$17,470,934.23</u></u>

To the Chairman and Members of the
Ontario Northland Transportation Commission, North Bay, Ontario.

Toronto, March 31, 1968.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1967 and comment thereon as follows:

BALANCE SHEET

The cash in banks of \$44,487.69 at December 31, 1967 was reconciled with balances shown on letters of confirmation received direct from the banks concerned. The petty cash funds totalling \$1,955.00 were verified by actual count.

The Contributory Pension Fund is comprised of securities and cash at December 31, 1967 as follows:

Securities at Cost	
(Market Value \$9,625,905)	\$10,910,041.72
Cash in Bank	<u>187,147.62</u>
	<u>\$11,097,189.34</u>

The investments of the Contributory Pension Fund have been made in accordance with Regulations made under The Pension Benefits Acts, 1965.

Details of the Fire and Accident Insurance Funds at December 31, 1967 are as follows:

Fire Insurance Fund:

Securities at Cost (Market Value \$224,205)	\$263,445.62
Cash in Bank	<u>14,675.64</u> \$278,121.26

Accident Insurance Fund:

Securities at Cost (Market Value \$43,300).....	\$ 46,481.25
Cash in Bank	<u>9,486.33</u> \$55,967.58

\$334,088.84

The securities of the Funds were verified by actual count and reconciliation with the related records. The cash in bank was reconciled with the

balances shown on letters of confirmation received direct from the bank.

The payment of \$777,724.00 required to prevent any increase in the unfunded liability of \$19,443,107 was received by the Contributory Pension Fund from the Commission during the year in accordance with Regulations made under The Pension Benefits Act, 1965.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. Under an agreement, the Commission operates the Nipissing Central Railway as part of its system. This property has been grouped with other Road items at a net amount representing book value less a retirement reserve of \$674,367.71.

Star Transfer Limited is also a wholly owned subsidiary of the Commission with its head office located at Timmins, Ontario. Star Transfer Limited has its own executive officers and its operations are conducted under their supervision. The operations of Star Transfer Limited for the year ended December 31, 1967 resulted in a net profit of \$244,350.36, an increase of \$42,610.36 over that of the previous year. The Company declared dividends of \$140,120.00 which were received by the Commission during the year ended December 31, 1967.

Materials and Supplies of the Commission had a book value of \$2,251,723.86 at December 31, 1967. A physical inventory of Material and Supplies was taken at August 31, 1967 and I have received certificates from responsible officers of the Commission to the effect:

- That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and

Auditor's Report

(b) That the basis of inventory pricing was laid down cost for new material and estimated utility or sales value for useable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and Comptroller of the Railway have certified in writing that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1967 with the exception of the following contingent liabilities:

- "(a) Permanent awards under The Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of the business, and (ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$250,000.00."

The cost of construction of the Branch Line to serve the Texas Gulf Sulphur Company mine in the Township of Kidd was \$4,171,778.41 at December 31, 1967. This amount has been capitalized on the books of the Commission and is included in the Investment in Road—Main Line and Branches. An agreement between the Ontario Northland Transportation Commission and the Texas Gulf Sulphur Company, dated November 4, 1966, provides for the term of the lease of the Branch Line to commence on the date of this agreement, that is November 4, 1966. The first year rental of \$490,176.78 was received during the year ended December 31, 1967.

Current liabilities increased during the year by

a net amount of \$8,729,183.57. The main items contributing to this increase were debentures due December 1968 in the amount of \$5,500,000.00 transferred from Long Term Liabilities and the net increase in demand loans of \$1,900,000.00.

Accounts Receivable and Accounts Payable at December 31, 1967 were not confirmed by direct correspondence with the debtors or creditors concerned.

STATEMENT OF RETAINED INCOME

The balance of retained income at December 31, 1967 is \$26,486,277.72, a net increase of \$1,376,-941.76 during the year. The net increase results from a net profit on operations of \$165,862.05, an amount of \$1,194,357.74 received from the Province of Ontario to compensate for 1965 net loss on operations, profit on sale of property \$30,889.24, unclaimed vouchers and wages \$470.50 less loss on sale of floating equipment \$9,542.57 and uncollectible accounts written off in the amount of \$5,095.20.

STATEMENT OF INCOME

The operations of the Commission resulted in a net profit of \$165,862.05 for the year ended December 31, 1967 compared to a net loss of \$349,-803.42 for the year ended December 31, 1966. This represents an increase in net revenue during the year of \$515,665.47. The commercial communications portion of these operations produced a net operating revenue of \$2,019,352.17, an increase of \$54,644.61 over that of the previous year.

Interest was not required from the Commission during the year ended December 31, 1967 on the loan of \$30,207,934.92 owing to the Province of Ontario.

Yours faithfully,

(Signed) George H. Spence, F.C.A.,
Provincial Auditor.

Net Income for rail, communications and miscellaneous operations	\$ 25,742.05*
Net Income — Star Transfer Limited	244,350.36
Net Earnings	<u>\$270,092.41</u>

*Does not include dividend received from Star Transfer Limited.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Combined Operations of the Commission



Ontario Northland Diesel Ship "Chief Commanda", Lake Nipissing — North Bay.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

Traffic and
Mileage Statistics

January 1st to December 31st, 1967

PASSENGER TRAFFIC

Number of passengers carried earning revenue.....	197,608
Number of passengers carried one mile	25,705,000
Number of passengers carried one mile per mile of road	43,500
Average distance carried (miles).....	130.8
Total passenger revenue	769,798.68
Average amount received from each passenger.....	3.90
Average receipts per passenger per mile (cents)	2.57
Total passenger train service revenue	907,814.45
Passenger service train revenue per mile	1,532.70

FREIGHT TRAFFIC

Number of tons carried earning revenue	4,199,501
Number of tons carried earning revenue one mile.....	848,737,000
Number of tons carried earning revenue one mile per mile of road	1,539,266
Average distance haul of one ton (miles)	202.1
Total Freight revenue	12,812,738.01
Average amount received for each ton	3.05
Average amount received per ton per mile (cents).....	1.51
Freight revenue per mile of road.....	21,632.18
Freight revenue per train mile	16.06

TOTAL TRAFFIC

Operating revenue.....	21,909,849.33
Operating revenue per mile of road	36,991.13
Operating revenue per train mile.....	21.02
Operating expenses	19,710,435.28
Operating expenses per mile of road	33,277.79
Operating expense per train mile.....	18.91
Net operating revenue	2,199,414.05
Net operating revenue per mile of road	3,713.34

CAR MILEAGE

Average number of passengers carried one mile per car mile.....	9.8
Average number of passengers carried one mile per train mile.....	85.8
Average number of passenger cars per train mile.....	13.26
Mileage of passenger cars	2,621,544
Mileage of loaded freight cars	17,326,174
Mileage of empty freight cars	14,485,525
Average number of freight cars per train mile.....	42.84
Average number of loaded freight cars per train mile	23.34
Average number of empty freight cars per train mile.....	19.50
Average number of tons of freight per train mile.....	1,142
Average number of tons of freight per loaded car mile	48.98
Average number of miles operated during year	592.3

TRAIN MILEAGE

Mileage of revenue passenger trains.....	299,620
Mileage of revenue freight trains.....	742,551
Total revenue train mileage	1,042,171



Timmins Rail – Bus Terminal.

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

**Details of
Railway Equipment**

	Dec. 31 1966	Additions	Retirements	Dec. 31 1967
LOCOMOTIVES				
Freight — Steam.....	0	—	—	0
Diesel — Yard Switcher	4	—	—	4
Diesel Road Switcher	19	—	—	19
Road "A" Units.....	20	—	—	20
	43	—	—	43
PASSENGER EQUIPMENT				
First Class.....	29	—	1	28
Combination	5	—	—	5
Restaurant	1	—	—	1
Lunch First Class	2	—	—	2
Parlor Car.....	1	—	—	1
Mail and Express	17	—	—	17
Box Baggage	2	—	—	2
	57	—	1	56
FREIGHT REVENUE EQUIPMENT				
Box	985	—	7	978
Flat	118	—	—	118
Hopper.....	98	100	—	198
Covered Hopper.....	—	35	—	35
	1,201	135	7	1,329
Cabooses	28	—	—	28
Steam Generator Cars	1	—	—	1
WORK EQUIPMENT				
Business Cars.....	3	—	—	3
All other cars in Railway Service	200	—	7	193
	203	—	7	196
Total of All Equipment.....	1,533	135	15	1,653
HIGHWAY EQUIPMENT				
Bus.....	10	6	2	14
Trucks.....	27	10	11	26
Trailers.....	5	—	—	5
Station Wagons.....	4	—	—	4
Sedans.....	2	—	—	2
Transoline 7 Passenger Bus.....	3	—	—	3
Portable Piggy Back Ramps.....	2	—	—	2
	53	16	13	56

MAIN LINE

	Miles
North Bay to Timmins	257.20
Porquis to Cochrane	28.20
Cochrane to Moosonee	<u>186.20</u> 471.60

BRANCH LINES

Earlton to Elk Lake	28.50
Welsh to Iroquois Falls.....	6.20
Swastika Junction to Noranda.....	60.00
Adams Junction to Dead End	4.80
Sherman Mine Spur	4.16
Texas Gulf Sulphur Spur	<u>17.05</u> 120.71

OTHER TRACKS

Yard Tracks and Sidings	118.1
Public Tracks.....	14.37
Under private Siding Agreement	16.33
Owned Outright by the Industry	<u>18.66</u> <u>167.46</u> <u>759.77</u>

ONTARIO NORTHLAND
TRANSPORTATION COMMISSION

Miles of Track Operated

At close of final year December 31, 1967



Ontario Northland Passenger Coach 820.

**Annual Report
of
Star Transfer
Limited**

for year ended December 31, 1967

Head Office
Timmis, Ontario



Star Transfer Tractor-Trailer Unit.

W. A. Johnston, M.P.P., President, South River
K. Passmore, Vice President and Managing Director, Timmins
E. A. Frith, Vice President, North Bay
C. P. Girdwood, Director, South Porcupine
W. R. Thompson, Director, Swastika
J. A. Kennedy, Director, North Bay
M. A. Palangio, Director, Cochrane
G. H. Stanley, Treasurer, Timmins
S. W. Gowan, Secretary, North Bay

Board of Directors

STAR TRANSFER LIMITED
 (Incorporated under the laws of Ontario
 as a Private Company)

Balance Sheet

as at December 31, 1967
 (with comparative figures for 1966)

ASSETS	December 31, 1967	December 31, 1966
CURRENT		
Cash (including deposit receipts).....	\$ 72,718.07	\$ 97,470.28
Accounts receivable.....	371,696.12	350,724.33
Less: Allowance for doubtful accounts.....	10,500.00	10,000.00
	<u>361,196.12</u>	<u>340,724.33</u>
	<u>433,914.19</u>	<u>438,194.61</u>
Prepaid expenses and deposits.....	12,988.83	12,955.27
Motor vehicle self-insurance fund.....	20,693.65	6,196.07
FIXED — AT COST		
Land.....	93,970.91	93,970.91
Buildings	571,321.95	569,094.31
Less: Accumulated depreciation.....	160,668.55	139,233.59
	<u>410,653.40</u>	<u>429,860.72</u>
Trucks, trailers and automobiles.....	1,702,950.72	1,575,787.20
Less: Accumulated depreciation.....	1,168,990.72	1,032,233.20
	<u>533,960.00</u>	<u>543,554.00</u>
Equipment, furniture and fixtures	118,277.88	106,815.45
Less: Accumulated depreciation.....	76,956.26	66,783.17
	<u>41,321.62</u>	<u>40,032.28</u>
Truck franchise	1,079,905.93	1,107,417.91
	<u>187,760.42</u>	<u>—</u>
	<u>1,735,263.02</u>	<u>1,564,763.86</u>

Approved on behalf of the Board,
 W. A. Johnston — Director,
 Ken Passmore — Director.

LIABILITIES

	December 31, 1967	December 31, 1966
CURRENT		
Accounts payable and accrued expenses	\$ 177,101.02	\$ 140,495.93
Receiver General re employees' payroll deductions	20,471.97	14,786.39
Accrued wages	23,662.35	20,526.22
	<hr/> 221,235.34	<hr/> 175,808.54
Reserve for motor vehicle self-insurance	20,693.65	6,196.07

CAPITAL AND SURPLUS**CAPITAL STOCK**

Preference

6% non-cumulative, redeemable, par value \$100.00 each

Authorized, 443 shares

Issued and fully paid, 395 shares.....

39,500.00

39,500.00

Common

Par value \$100.00 each

Authorized, 200 shares

Issued and fully paid, 145 shares.....

14,500.00

14,500.00

54,000.00

54,000.00

4,200.00

4,200.00

1,435,134.03

1,324,559.25

1,493,334.03

1,382,759.25

1,735,263.02

1,564,763.86

Contributed surplus

Earned surplus

AUDITOR'S REPORT

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1967 and the statements of profit and loss, surplus and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss, surplus and source and application of funds present fairly the financial position of the Company as at December 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) George H. Spence, F.C.A.

Provincial Auditor.

Toronto, March 31, 1968.

Statement of Earned Surplus

for the year ended December 31, 1967
 (with comparative figures for 1966)

	1967	1966
	\$	\$
Balance at beginning of period	1,324,559.25	1,227,399.78
ADD:		
Net profit for the period	244,350.36	201,740.00
Bad debts recovered	300.64	252.50
Profit on disposal of fixed assets.....	6,043.78	37,461.97
	<hr/> 250,694.78	<hr/> 239,454.47
	1,575,254.03	1,466,854.25
DEDUCT:		
Dividends paid — *		
On preference shares	2,370.00	2,370.00
On common shares	137,750.00	139,925.00
	<hr/> 140,120.00	<hr/> 142,295.00
Balance at end of period	<hr/> 1,435,134.03	<hr/> 1,324,559.25
 *Dividends paid:		
Preference shares —		
1966 \$ 6.00 per share		
1967 \$ 6.00 per share		
Common Shares —		
1966 \$ 965.00 per share		
1967 \$ 950.00 per share		
Balance December 31, 1967 (no change during 1967)	4,200.00	

Statement of Contributed Surplus

for the year ended December 31, 1967

Statement of Profit and Loss

for the year ended December 31, 1967
 (with comparative figures for 1966)

REVENUE —	1967	1966
Transport trucking.....	\$ 3,341,351.78	\$ 2,837,616.02
Less: Interline charges	<u>381,976.22</u>	<u>348,037.60</u>
Commissions earned.....	2,959,375.56	2,489,578.42
Cold storage.....	6,184.35	3,828.92
Heating and icing	852.97	1,480.20
Rentals.....	10,133.69	3,565.27
Miscellaneous	1,012.50	1,887.50
	<u>13,320.79</u>	<u>13,716.69</u>
	<u>2,990,879.86</u>	<u>2,514,057.00</u>
EXPENSES —		
Damages.....	24,280.28	28,055.26
?revision for depreciation —		
Buildings	21,434.96	22,464.74
Equipment	10,895.54	10,761.58
Trucks, trailers and automobiles	<u>228,840.61</u>	<u>232,951.66</u>
	<u>261,171.11</u>	<u>266,177.98</u>
Employees' pension fund.....	22,939.83	19,029.05
Gasoline, oil and diesel fuel.....	369,750.55	319,716.93
Garage supplies.....	7,131.62	5,363.51
Garage salaries and wages	130,793.14	90,746.83
Heating and icing	2,804.08	1,986.19
>Loading and stowing	9,196.88	11,345.99
Trip expense.....	7,609.59	5,189.87
Purchased transportation.....	5,165.20	15,087.39
Insurance	59,735.44	49,254.02
Licenses.....	80,976.55	74,196.60
Light, heat, power and water	14,987.98	13,611.94
Maintenance —		
Buildings	14,305.78	9,615.84
Equipment	4,902.23	4,598.78
Yard	<u>1,704.72</u>	<u>1,695.08</u>
	<u>20,912.73</u>	<u>15,909.70</u>

Miscellaneous	2,603.91	1,771.94
Municipal taxes.....	23,259.45	21,653.78
Radio telephone expense.....	607.95	686.52
Rent	8,816.32	6,835.00
Repair to trucks and trailers	236,405.20	187,389.09
Tires and tubes	94,732.20	76,397.59
Unemployment insurance	9,174.95	7,635.71
Vacation pay	42,375.47	32,152.74
Wages	869,509.88	693,056.71
Welfare payments under agreement	29,360.00	21,249.00
Workmen's compensation	32,895.66	21,879.95
Security guards and watchmen's wages.....	16,881.27	13,452.00
Administrative expenses, per statement attached	362,452.26	312,485.71
	<hr/>	<hr/>
Net profit for the year	2,746,529.50	2,312,317.00
	<hr/>	<hr/>
	244,350.36	201,740.00



Star Transfer Limited, Timmins Terminal.

	1967	1966
	\$	\$
Advertising.....	6,897.72	7,950.08
Association dues.....	4,524.18	5,812.55
Provision for doubtful accounts.....	4,406.97	5,402.93
Bank charges and interest.....	2,189.18	1,696.85
Legal and audit fees.....	8,179.06	8,311.29
Office and general.....	16,301.50	11,983.44
Salaries.....	262,807.02	224,981.55
Postage.....	2,675.81	2,292.38
Salesmen's expenses.....	4,658.57	3,469.18
Telephone, telegraph and teletype.....	22,346.97	21,251.28
Travelling.....	5,618.81	3,459.95
Donations.....	1,948.00	1,915.00
Group insurance.....	11,198.35	8,722.77
Employees' pension plan.....	7,143.12	5,236.46
Traffic department — stationery.....	1,557.00	—
	<u>362,452.26</u>	<u>312,485.71</u>

Statement of Administrative Expenses

for the year ended December 31, 1967
(with comparative figures for 1966)



Star Transfer Lumber Unit.

Statements of Source and Application of Funds

for the year ended December 31, 1967

SOURCE OF FUNDS:

	\$
Net profit for the year	244,350.36
Provision for depreciation (not requiring an outlay of funds)	261,171.11
Proceeds from sale of fixed assets	18,686.53
Bad debts recovered	300.64
Security deposit refunded	625.00
Decrease in working capital	49,048.66
	<u>574,182.30</u>

APPLICATION OF FUNDS:

Additions to fixed assets	246,301.88
Truck franchise	187,760.42
Dividends paid	140,120.00
	<u>574,182.30</u>



Star Transfer Tanker.

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Vorstellung einer geodätischen Aufnahme



PROVINCE OF ONTARIO

Honourable John P. Roberts, Q.C.

Prime Minister

Honourable J. R. Simonett, Minister

Department of Energy and Resources Management

**SIXTY-EIGHTH ANNUAL REPORT
OF THE ONTARIO NORTHLAND TRANSPORTATION COMMISSION**

For the Year Ended December 31, 1968



MINISTER OF ENERGY AND RESOURCES MANAGEMENT

The Honourable W. Ross Macdonald, PC., CD., QC., LLD., Lieutenant Governor of the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned is pleased to present to Your Honour the annual report of the Ontario Northland Transportation Commission for the period ending December 31, 1968.

Respectfully submitted,

J. R. Simonett,
Minister.

May 18, 1969.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Honourable J. R. Simonett,
Minister of Energy and Resources Management,
Parliament Buildings,
Toronto, Ontario.

Honourable Sir :

I have the honour to submit to you the Annual Report of the Ontario Northland Transportation Commission for the period ending December 31st, 1968.

Respectfully submitted,

Allister Johnston, M.P.P.,
Chairman.

May 18, 1969.

**Ontario
Northland
Transportation
Commission**

W. A. Johnston, M.P.P., Chairman, South River

W. R. Thompson, Commissioner, Swastika

J. A. Kennedy, Commissioner, North Bay

C. P. Girdwood, Commissioner, South Porcupine

M. A. Palangio, Commissioner, Cochrane

W. G. Perry, Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay

F. S. Clifford, Manager of Rail Services, North Bay

D. E. MacDougall, Director of Finance, North Bay

L. K. Smiley, Manager of Communications, North Bay

K. Passmore, Manager of Road Transport Services, Timmins



Ontario Northland
Transportation Commission

North Bay, Ontario,
June 18, 1969.

Mr. W. A. Johnston, M.P.P.,
Chairman.

Dear Sir:

The following report of operations for year ended December 31, 1968, is respectfully submitted.

Highlights of Operation

The most significant event of 1968 was the opening of Sherman Mine at Temagami by Dominion Steel and Foundries Limited. Iron pellets from this operation are taken to the steel mills in Hamilton by Ontario Northland and Canadian National Railways. It is expected that Ontario Northland will haul 1,000,000 tons from this operation each year. Three new mining industries, namely, Sherman Mine, Adams Mine and Texas Gulf Sulphur, have now been developed on the Ontario Northland during the past five years and added three million tons to Ontario Northland traffic, during 1968.

To encourage and involve people in the vast northland, Ontario Northland has made incentives available to industries. In the case of Sherman Mine, Ontario Northland was responsible for construction of the spur and also for the purchase of 35 specially designed covered hopper cars.

Continuing in the trend of the past few years, revenues from mines in the Timmins area continued to increase and were mainly responsible for the return to a net profit.

A high level of efficiency was achieved during 1968 wherein wage increases of 6% were negotiated with employees whereas the actual increase to the Railway in dollars was only 4.4%.

In a continuing effort to attract industry to the north, the Ontario Northland highlighted this program with the establishment of an Industrial Development Office in Timmins, Ontario.

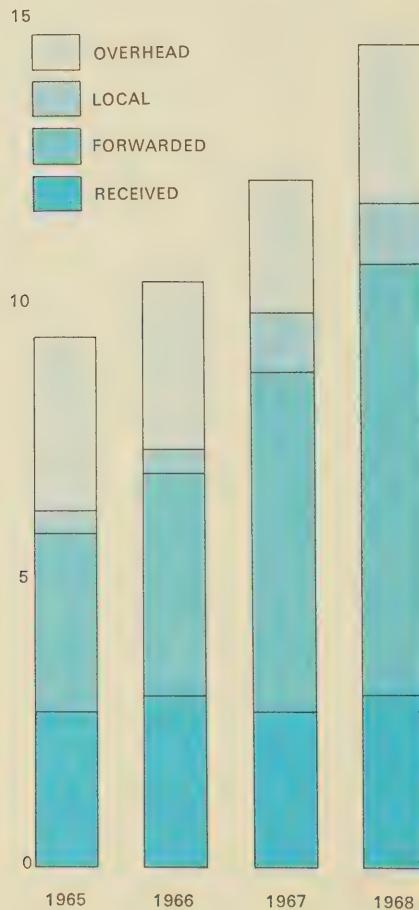
The acquisition of a licence to allow our buses to handle charter trips coast to coast in Canada and south to the American States highlighted a successful 1968 bus operation.

Financial Review

Increased freight revenues from minerals and wood chips made it possible for the Ontario Northland to show a net profit of \$336,779. This profit was realized after a payment of \$1,432,324. to the employees' Contributory Pension Fund.

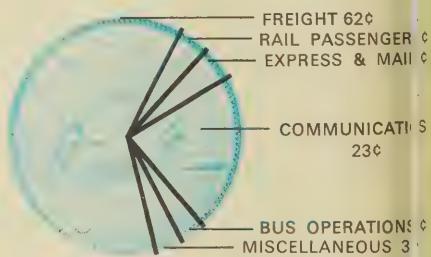
Operating expenses continued to climb and increased in 1968 by \$1,116,000. Wages accounted for over half of this increase with the remainder being taken up by rental of freight

CARLOAD FREIGHT REVENUE
in millions of dollars

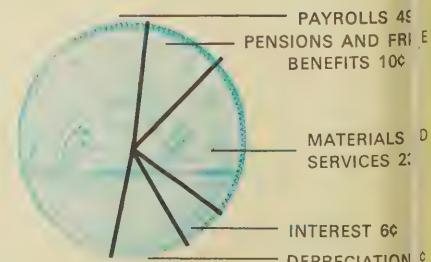


THE RAILWAY'S DOLLAR—1968

Where it came from



Where it went





quipment, depreciation, commissions to other telephone companies and a contribution to the City of North Bay towards the construction of an overpass.

\$6,332,000. of long term debentures were retired and replaced by bank demand loans.

Finance charges increased by \$655,000. and is was entirely the result of the Commission providing additional funds to the employees' contributory Pension Fund. These funds in part are being applied to the amortization of a deficit in the Pension Fund.

Capital expenditures in 1968 totalled 1,032,900. including \$2,445,800. for work on adway and related facilities, \$241,800. for rolling stock and \$769,700. for communications.

communications

Demands for Communications service continued during 1968. After a slow first half year, long distance calling picked up substantially during the second half with the result that calling increased by approximately 13 per cent over the previous year. Subscribers using machine transmission such as Teletype, Telex and Data also increased. CBC program transmission was extended to several new locations.

To take care of this new business, seventy long distance channels were added. Other equipment was added as required to meet customer requirements throughout the year.

Extension of the microwave system to Timmins commenced during the year. It is expected that this system, which has the capacity of 600 talking paths, will be placed into operation during the second half of 1969. This will provide high grade facilities to the Timmins,

South Porcupine, Iroquois Falls and Ansonville area to improve service generally and to meet the requirements for new business in the future.

Passenger Services—Rail and Bus

Railway and bus lines passenger service were integrated January 1, 1968 and a separate department was established under a Passenger Services Supervisor. This department has jurisdiction over all phases of passenger business including Bus Operation, Boat Lines, Dining Car and Food Services, Tourist Operation including Moosonee Lodge and Hannah Bay Camp plus Toronto Sales Office insofar as tourist and passenger traffic is concerned.

Revenue from bus lines operation increased 19.76 per cent. Railway passenger service declined 2.19 per cent. Operation of two excursion trains per week from Cochrane to Moosonee during July and August showed a 63.45 per cent increase.

In view of the rail passenger total, application was made to the Board of Transport to alter the Swastika-Rouyn service from rail to bus.

Passenger Service terminals at South Porcupine and Cochrane were renovated with other terminals being done as this program continues.

Tourism

The Wednesday and Sunday excursions from Cochrane to Moosonee during July and August once again showed a decided increase. A total of 10,650 excursionists were carried on these trains, which is in addition to the regular trains that accommodate over night stays in Moosonee. These excursion trains were in-

augurated by the Commission as an experiment. However, the demand for this service exceeded all expectation and it will be necessary to increase the excursion trains from two a week in 1968 to three per week in 1969. This train had developed tourist industries in Northeastern Ontario tremendously and will no doubt increase in popularity each year.

The Ontario Northland continues to operate a modern Lodge at Moosonee which is at near capacity throughout the year and which is of great benefit to the tourist industries in general and Moosonee in particular.

The Boat Line operation on Lake Nipissing showed a decided improvement and the loss from a net revenue standpoint was reduced considerably. The cruises are still a tourist drawing attraction and contribute to the economy of the North Bay area.

Labour-Management Relations

During the year under review numerous meetings were held with representatives of the various labour unions on the system. These meetings involved all levels of Management and were concerned with employees covered by a specific wage agreement. New contracts were negotiated with the Bus Operators and the Brotherhood of Firemen and Engineers and put into effect during 1968.

As a forum for discussion of matters of wider interest, the practice was established several years ago of setting aside one day each year for a general meeting of all General Chairmen with senior Management. The information and points of view exchanged at these meetings proved to be of such value that three of these meetings were held in 1968.

Unit Ore Train
Modern Communications Building
Modern Inter City Bus
Chief Commanda—Lake Nipissing
Moosonee Lodge Dining Room





In addition, the joint Labour-Management consultation committee which was formed in late 1967, comprised of Shop Craft employees and senior Railway officers, continued to meet on a regular basis to discuss items of mutual interest. This two-way exchange of information has also been very effective.

As an example, these latter meetings shed new light upon the mutual benefit to be derived from an effective Employee Suggestion Plan. As a result, a revised award structure was developed and the increased emphasis placed on the plan has led to a gratifying increase in employee participation.

Express Freight

After a slow start in September 1967 and following increases in express rates and other changes, traffic volume gradually improved in 1968. With the C.N. Concord Terminal operating efficiently, traffic to Ontario Northland points is presently both reliable and dependable.

New Liskeard and Kirkland Lake Railway terminals both share their facilities with Star transfer with the Express Freight staff picking up and delivering to points surrounding these two communities.

Safety

A new safety program called "Accident Control for Employees and Supervisors" commenced during 1968 with positive results.

Accidents, injuries and lost time days were greatly reduced and indications are that with continued effort in this area the program will continue to gain momentum with associated encouraging results.

Star Transfer Limited

This affiliate of Ontario Northland operations continued to expand and gross revenues in 1968 increased to \$3,388,439. from \$2,990,-880. in 1967.

A capital expenditure program totalling \$435,000. highlighted 1968. \$349,900. of this amount was spent on new trucks, tractors and trailers, which now gives this organization a fleet exceeding 200 vehicles.

Outlook

The announcement of the construction of a smelter at Timmins has acted as a stimulant to business throughout the north.

Feasibility studies are currently under way on the potential of lignite at Onakawana, china clay in Kipling Township, gypsum at Moose River Crossing and columbium thirty miles south of Moosonee.

The increased interest and industrial activity in Northern Ontario indicates the importance and significance of Ontario Northland in the north and 1969 will represent a year of challenge and growth.

Yours very truly,

E. A. Frith,
General Manager.

**Ontario Northland
Transportation Commission**
Balance Sheet
As at December 31, 1968 with
Comparative Figures for 1967

	ASSETS	1968	1967
Current Assets			
Cash	\$ 330,906.40	\$ 46,442	
Agents' Balances	2,372,027.46	2,069,222	
Accounts Receivable	694,506.97	627,344	
Material and Supplies	2,402,009.79	2,251,723	
Prepaid Insurance	31,743.36	81,740	
	<u>5,831,193.98</u>	<u>5,076,474</u>	
Deferred Charges and Other Assets			
Fire and Accident Insurance Funds	371,371.86	334,088	
Bus Franchises	122,122.10	122,122	
Discount and Expenses re Debenture Loans	33,353.38	50,867	
Deposits	15,000.00	15,774	
Miscellaneous	25,503.13	36,643	
	<u>567,350.47</u>	<u>559,496</u>	
Investment in Wholly Owned Subsidiary			
Star Transfer Limited	691,800.21	691,800	
Investment in Property			
Road—Main Line and Branches	76,975,102.82	75,462,942	
—Improvements—Leased Lines	4,996,049.38	4,939,275	
—Wholly Owned Subsidiary—Nipissing Central			
Railway	4,268,987.29	4,268,987	
Equipment—Rail and Highway	24,665,637.84	24,834,584	
—Boat	214,395.73	245,436	
Miscellaneous	357,548.52	300,429	
	<u>111,477,721.58</u>	<u>110,051,655</u>	
Less: Accumulated Depreciation	31,692,339.61	30,006,622	
	<u>79,785,381.97</u>	<u>80,045,032</u>	
Contributory Pension Fund Held in Trust	12,806,364.82	11,097,189	
	<u>\$ 99,682,091.45</u>	<u>\$ 97,469,992</u>	

W. A. Johnston, Chairman.

D. E. MacDougall, Director of Finance.



LIABILITIES

Current Liabilities

	1968	1967
Demand Loans—Guaranteed by Province of Ontario	\$ 9,300,000.00	\$ 4,400,000.00
—Province of Ontario	4,500,000.00	4,500,000.00
Accounts Payable	2,548,770.80	2,288,489.19
Traffic Balances.	2,812,967.50	1,655,036.29
Debentures Maturing in 1969	8,000,000.00	6,332,000.00
Accrued Interest	130,519.97	175,591.73
Deposits	50.00	25.00
	<u>27,292,308.27</u>	<u>19,351,142.21</u>

Deferred Credits and Reserves

Deferred Rental Revenue	422,965.27	489,748.98
Fire and Accident Insurance Reserves	371,371.86	334,088.84
Fidelity Insurance Reserve.	3,610.43	3,610.43
	<u>797,947.56</u>	<u>827,448.25</u>

Long Term Liabilities

Debentures—Guaranteed by Province of Ontario:		
4%—1970-72	1,500,000.00	2,000,000.00
% —1969	—	7,500,000.00
Loan from Province of Ontario—Non-Interest Bearing	1,500,000.00	9,500,000.00
	<u>30,207,934.92</u>	<u>30,207,934.92</u>
	<u>31,707,934.92</u>	<u>39,707,934.92</u>

Contributory Pension Fund Held in Trust

(Contra)	12,806,364.82	11,097,189.34
Retained Income	27,077,535.88	26,486,277.72
	<u>\$ 99,682,091.45</u>	<u>\$ 97,469,992.44</u>

Toronto, March 31, 1969

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1968 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion these financial statements present fairly the financial position of the Commission as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George H. Spence, F.C.A.,
Provincial Auditor.

The comments in the report attached are an integral part of this balance sheet.

**Ontario Northland
Transportation Commission**

**Statement of
Retained Income**
for the year ended December 31, 1968

Balance December 31, 1967	\$26,486,277.
Add:	
Net Profit for year ended December 31 ,1968.	\$228,002.62
Unclaimed Vouchers and Wages.	696.79
Profit on Sale of Property.	15,461.86
Unclaimed Bond and Bond Coupons	1,160.00
Received from Province of Ontario to compensate for 1966 Net Loss	<u>349,803.42</u>
	595,124.
	<u>27,081,402.</u>
Deduct:	
Uncollectible Accounts	<u>3,866.</u>
Balance December 31, 1968	<u><u>\$27,077,535.</u></u>

Statement of Income
for the year ended December 31, 1968
with comparative figures for 1967

	Year Ended December 31, 1968	Year Ended December 3 1967
Railway Operating Revenue (for details see Schedule A attached)		
Freight Services.	\$14,725,897.27	\$13,032,645.
Passenger Services	898,023.03	939,524.
Express	1,097,444.24	860,088.
Communications (Commercial).	5,610,597.26	5,482,002.
All Other	1,534,324.55	1,595,587.
Net Operating Revenue.	<u>23,866,286.35</u>	<u>21,909,849.</u>
Railway Operating Expense (for details see Schedule B attached)		
Road Maintenance	4,539,332.89	4,020,923.
Equipment Maintenance	3,640,629.45	3,743,351.
Traffic	227,076.34	201,730.
Transportation	5,643,944.16	5,705,765.
Miscellaneous Operations	176,639.41	291,662.
Communications (Commercial).	3,873,441.56	3,462,650.
General	1,476,003.34	1,331,843.
Other—Bus, Boat Lines, Tourist Camp	762,284.68	723,759.
Total Operating Expense	<u>20,339,351.83</u>	<u>19,481,685.</u>
Net Revenue from Railway Operations	<u>3,526,934.52</u>	<u>2,428,163.</u>



	Year Ended December 31, 1968	Year Ended December 31, 1967
Taxes and Rents		
Railway Tax Accruals	\$ 138,263.83	\$ 126,511.46
Equipment Rents	386,635.38	143,029.20
Joint Facility Rents	43,402.06 cr	40,790.87 cr
Total Taxes and Rents	<u>481,497.15</u>	<u>228,749.79</u>
Net Railway Operating Surplus	<u>3,045,437.37</u>	<u>2,199,414.05</u>
Other Income		
Dividends—Star Transfer Limited	70,060.00	140,120.00
Other Income Charges	<u>124,630.55 dr</u>	<u>65,982.40 dr</u>
Total Other Income	<u>54,570.55 dr</u>	<u>74,137.60</u>
Surplus Before Fixed Charges	<u>2,990,866.82</u>	<u>2,273,551.65</u>
Fixed Charges		
Interest on Funded Debt	724,537.45	785,930.05
Interest on Unfunded Debt	588,488.75	525,792.40
Discount and Expenses re Debenture Loans	17,514.00	18,243.15
Payment towards the Unfunded Liability and Experience Deficiency of Contributory Pension Fund	<u>1,432,324.00</u>	<u>777,724.00</u>
Total Fixed Charges	<u>2,762,864.20</u>	<u>2,107,689.60</u>
Net Profit Carried to Statement of Retained Income	<u>\$ 228,002.62</u>	<u>\$ 165,862.05</u>

**Ontario Northland
Transportation Commission**

**Statement of Source
and Application of Funds**

For the year ended December 31, 1968

Source of Funds	
Net Profit for the Year	\$ 228,002.62
Add: Charges to Operations not Requiring an Outlay of Funds	
Provision for Depreciation	2,944,276.27
Amortization of Discount on Debentures	17,514.00
Loss on Disposal of Assets—Net	16,264.45
	\$ 3,206,057.3
Received from Province of Ontario re 1966 Net Loss	349,803.4
Decrease in Working Capital—	
Increase in Demand Loans	4,900,000.00
Increase in Debentures Payable	1,668,000.00
Other	618,446.21
	7,186,446.2
Profit on Sale of Property	15,461.8
Miscellaneous Items—Net	9,904.9
	<u>\$10,767,673.8</u>
Application of Funds	
Additions to Fixed Assets	\$ 3,130,650.24
Less: Recovery on Retirements	429,760.14
	\$ 2,700,890.1
Reduction in Long Term Liabilities—Transferred to	
Current Liabilities	8,000,000.0
Deferred Rental Revenue	66,783.7
	<u>\$10,767,673.8</u>



**Ontario Northland
Transportation Commission**

Details of

Operating Revenue

For the year ended December 31, 1968

With comparative figures for 1967

Schedule A

	Year Ended December 31, 1968	Year Ended December 31, 1967
Freight Services		
Freight	\$14,640,201.68	\$12,929,858.11
Switching	12,229.79	8,643.46
Demurrage	72,932.94	93,724.12
Storage	532.86	420.10
Total	<u>14,725,897.27</u>	<u>13,032,645.79</u>
Passenger Services		
Passenger	753,336.55	769,798.68
Dining and Buffet Service	123,587.94	130,937.99
Station, Train and Boat Privileges	1,363.40	4,759.73
News Service and Restaurants	17,301.95	31,710.26
Baggage, Transportation and Storage	2,433.19	2,318.05
Total	<u>898,023.03</u>	<u>939,524.71</u>
Express		
Express	1,097,444.24	860,088.65
Communications (Commercial)		
Telegraph	305,107.81	298,695.39
Telephone	5,305,489.45	5,183,306.83
Total	<u>5,610,597.26</u>	<u>5,482,002.22</u>
All Other		
Mail	11,807.71	36,624.42
Highway Transport—Bus	652,033.51	544,445.91
Boat Line	57,227.18	51,152.14
Tourist Camps	175,805.97	160,961.40
Milk	—	3,489.09
Rent—Buildings and Other Property	574,985.70	615,836.87
Miscellaneous	63,294.27	85,032.51
Expo '67—Bus Excursions	—	98,045.62
Joint Facilities	829.79 dr	—
Total	<u>1,534,324.55</u>	<u>1,595,587.96</u>
Total Operating Revenue	<u>\$23,866,286.35</u>	<u>\$21,909,849.33</u>

**Ontario Northland
Transportation Commission**

**Details of
Operating Expense**

for the year ended December 31, 1968
with comparative figures for 1967

Schedule B

	Year Ended December 31, 1968	Year Ended December 31, 1967
Road Maintenance		
<i>Superintendence</i>	<u>\$ 173,060.59</u>	<u>\$ 158,505.32</u>
<i>Track and Roadway</i>		
Track and Roadway Maintenance	1,828,635.81	1,635,603.13
Ties	7,479.13	13,025.92
Rails	78,020.63	69,758.91 cr
Other Track Material	86,735.07	63,902.96
Ballast	164.70	646.13 cr
Fences, Snowsheds and Signs	17,762.60	13,283.35
Small Tools and Supplies	97,118.08	80,483.12
Removing Snow, Ice and Sand:	187,471.18	246,777.18
Total	<u>2,303,387.20</u>	<u>1,982,670.62</u>
<i>Bridges and Structures</i>		
Tunnels, Bridges and Culverts	90,674.20	89,699.55
Station and Office Buildings	136,518.84	89,052.69
Roadway Buildings	45,531.83	41,962.07
Water and Fuel Stations	3,950.08	6,423.77
Shops and Enginehouses	97,506.33	76,682.75
Power Plant Systems	10,506.42	7,494.40
Other Structures	69.37	7.13
Total	<u>384,757.07</u>	<u>311,322.36</u>
<i>Railway Communications and Signal Systems</i>		
Communications (Rail)	45,000.00	32,331.44
Signals	165,618.65	140,125.30
Total	<u>210,618.65</u>	<u>172,456.74</u>



	Year Ended December 31, 1968	Year Ended December 31, 1967
<i>Miscellaneous</i>		
Roadway Machines	\$ 128,018.07	\$ 113,012.30
Injuries to Persons	40,735.75	47,449.12
Insurance	22,701.55	21,414.18
Stationery	3,693.58	1,664.68
Other Expenses	35,161.92	35,190.83
Total	<u>230,310.87</u>	<u>218,731.11</u>
<i>Depreciation and Retirements</i>		
Fad and Property Depreciation	1,293,420.00	1,245,780.00
Dismantling Retired Road Property	16,831.29	3,885.38
Total	<u>1,310,251.29</u>	<u>1,249,665.38</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	73,052.78 cr	72,428.52 cr
Total Road Maintenance	<u>\$4,539,332.89</u>	<u>\$4,020,923.01</u>
<i>Equipment Maintenance</i>		
Superintendence	\$ 142,277.71	\$ 133,193.70
Machinery		
Shop and Powerhouse Machinery	84,840.04	97,929.01
<i>Equipment</i>		
Diesel Locomotives	1,175,821.51	1,203,411.72
Fight Train Cars	921,952.88	1,016,647.27
Pisenger Train Cars	346,962.87	339,677.51
Work Equipment	67,906.13	69,688.35
Other Equipment	497.96	2,237.64
Total	<u>2,513,141.35</u>	<u>2,631,662.49</u>

**Details of Operating Expense
(Continued)**

	Year Ended December 31, 1968	Year Ended December 31, 1967
<i>Miscellaneous</i>		
Injuries to Persons	\$ 25,765.60	\$ 32,664.75
Insurance	56,298.60	56,227.60
Stationery	5,591.10	4,072.46
Total	<u>87,655.30</u>	<u>92,964.81</u>
<i>Depreciation and Retirements</i>		
Other Equipment and Machinery Depreciation	43,581.44	40,648.19
Dismantling Retired Equipment	4,266.23	8,395.03
Rolling Stock Depreciation	769,740.00	743,940.00
Total	<u>817,587.67</u>	<u>792,983.22</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	4,872.62 cr	5,381.72 cr
Total Equipment Maintenance	<u>\$3,640,629.45</u>	<u>\$3,743,351.51</u>
<i>Traffic</i>		
Superintendence	\$ 83,131.05	\$ 65,317.74
Agencies	101,441.07	90,099.58
Advertising	12,564.79	20,579.80
Associations	5,000.18	6,287.62
Industrial and Immigration Bureaus	4,304.96	—
Stationery	19,511.52	18,466.79
Other Expenses	1,122.77	978.99
Total Traffic	<u>\$ 227,076.34</u>	<u>\$ 201,730.52</u>
<i>Transportation</i>		
<i>Supervision</i>		
Superintendence	\$ 239,431.76	\$ 216,462.48
Dispatching	120,239.77	123,473.12
Total	<u>359,671.53</u>	<u>339,935.60</u>



	Year Ended December 31, 1968	Year Ended December 31, 1967
<i>Station Services</i>		
Station Employees	\$1,171,452.80	\$1,198,089.02
Weighing, Inspecting and Demurrage	5,128.25	3,950.93
Station Expense	247,985.19	289,144.16
Total	<u>1,424,566.24</u>	<u>1,491,184.11</u>
<i>Car Services</i>		
Carmasters and Clerks	290,488.53	275,296.86
Car Trainmen	326,169.99	315,326.90
Car Switchmen	9,508.65	8,927.16
Car Enginemen	142,492.03	138,178.89
Car Locomotive Fuel and Power	33,660.23	30,903.70
Car Locomotive Water	185.51	160.34
Car Locomotive Other Supplies	1,379.73	2,494.77
Car Enginehouse Expenses	333.03	1,420.55
Car Other Expenses	9,299.49	9,183.85
Total	<u>813,517.19</u>	<u>781,893.02</u>
<i>Rail Operations</i>		
Rail Enginemen	531,812.94	485,646.23
Rail Locomotive Fuel and Power	640,708.76	599,645.97
Rail Locomotive Water	4,201.60	3,683.98
Rail Locomotive Other Supplies	46,514.10	48,664.37
Rail Enginehouse Expense	328,381.97	297,097.06
Railmen	814,865.07	773,072.19
Rail Other Expenses	699,760.47	639,509.02
Total	<u>3,066,244.91</u>	<u>2,847,318.82</u>
<i>Miscellaneous</i>		
General Operations	1,100.44	1,078.85
Crossing Protection	9,563.92	8,630.26
Stationery	44,559.93	45,254.01
Other Expenses	33,630.63	40,779.13
Total	<u>88,854.92</u>	<u>95,742.25</u>

Details of Operating Expense
(Continued)

	Year Ended December 31, 1968	Year Ended December 31, 1967
<i>Casualty Costs</i>		
Clearing Wrecks	\$ 24,087.28	\$ 122,964.61
Damage to Property	276.00	959.95
Loss and Damage—Freight	87,347.57	252,008.50
Loss and Damage—Baggage	279.16	281.46
Injuries to Persons	65,726.93	50,636.52
Total	<u>177,716.94</u>	<u>426,851.04</u>
<i>Joint Facilities</i>		
Operating Joint Yards and Terminals	286,627.57 cr	277,159.66
Total Transportation	<u>\$5,643,944.16</u>	<u>\$5,705,765.18</u>
<i>Miscellaneous Operations</i>		
Dining and Buffet Service	\$ 179,232.02	\$ 176,625.20
News Service and Restaurant	16,942.53	26,171.16
Power	15,939.08 cr	16,794.16
Water	3,596.06 cr	1,298.59
Expo '67—Bus Excursions	—	104,361.94
Total Miscellaneous Operations	<u>\$ 176,639.41</u>	<u>\$ 291,662.73</u>
<i>Communications (Commercial)</i>		
Telegraph Maintenance	\$ 182,684.55	\$ 208,451.53
Telegraph Conducting Operations	88,088.58	99,724.32
Telegraph General	27,114.09	34,626.50
Telegraph Municipal Taxes	4,253.69	3,462.65
Telephone Maintenance	1,407,092.46	1,227,855.69
Telephone Conducting Operations	1,839,222.85	1,604,938.27
Telephone General	278,561.45	243,078.03
Telephone Municipal Taxes	46,423.89	40,513.06
Total Communications	<u>\$3,873,441.56</u>	<u>\$3,462,650.05</u>



	Year Ended December 31, 1968	Year Ended December 31, 1967
General		
General Officers	\$ 180,803.48	\$ 164,479.01
Clerks and Attendants	493,415.27	452,022.73
Office Expenses	45,113.42	29,100.21
Law Expenses	27,983.80	20,014.94
Insurance	23,191.00	23,133.77
Pensions	581,424.45	548,142.80
Stationery	25,654.07	24,320.47
Other Expenses	135,652.79	105,958.59
Joint Facilities General	37,234.94 cr	35,329.15 cr
Total General	\$ 1,476,003.34	\$ 1,331,843.37
Other		
Highway Transport Operations—Bus	\$ 551,914.50	\$ 541,509.69
Boat Line Operations	73,601.87	79,061.53
Tourist Camp Operations	136,768.31	103,187.90
Total Other	\$ 762,284.68	\$ 723,759.12
Total Operating Expense	\$20,339,351.83	\$19,481,685.49

Toronto, March 31, 1969

Auditor's Report

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1968 and comment thereon as follows:

Balance Sheet

The cash in banks of \$328,876.40 at December 31, 1968 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The petty cash funds totalling \$2,030.00 were verified by actual count.

The Contributory Pension Fund is comprised of the following assets at December 31, 1968:

Securities at Cost (Market Value \$9,203,170)	\$11,164,083.57
Term Deposits	825,000.00
Due from Commission	654,600.00
Cash in Bank	162,681.25
	<u>\$12,806,364.82</u>

Details of the Fire and Accident Insurance Funds at December 31, 1968 are as follows

Fire Insurance Fund:

Securities at Cost (Market Value \$218,183)	\$265,910.62
Cash in Bank	8,893.30

Accident Insurance Fund:

Securities at Cost (Market Value \$40,038)	\$ 46,481.25
Term Deposits	46,000.00
Cash in Bank	4,086.69

96,567.9
\$371,371.8

The securities of the Funds were verified by actual count and reconciliation with the related records. The cash in bank was reconciled with the balances shown on letters of confirmation received direct from the bank.

A report on the actuarial valuation of the Contributory Pension Fund as at December 31, 1967 indicated an increase in liability of \$6,512,116 over the initial unfunded liability of \$19,443,107 reported as at December 31, 1964. This increase is due mainly to early retirements, salary increases and Plan amendment which made provision to increase maximum pensions.



In accordance with Regulations made under the Pension Benefits Act, 1965, the Commission will be required to make annual payments, until the next valuation, of \$1,432,324 towards unfunded liability and experience deficiency as follows:

4. of Initial Unfunded Liability . . .	\$ 777,724
Payment towards Experience Deficiency (\$1,483,200 amortized over 5 years)	320,000
Payment towards increase in Unfunded Liability (\$5,028,916 amortized over 22 years)	334,600
	<u>\$1,432,324</u>

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. Under an agreement, the Commission operates the Nipissing Central Railway as part of its system. This property has been grouped with other Road items at a net amount representing book value of \$4,943,354.00 less a retirement reserve of \$74,366.71.

Star Transfer Limited is also a wholly owned subsidiary of the Commission with its head office located at Timmins, Ontario. Star Transfer Limited has its own executive officers and its operations are conducted under their supervision. The operations of Star Transfer Limited for the year ended December 31, 1968 resulted in a net profit of \$178,836.00, a decrease of \$5,514.36 from that of the previous year. The Company declared dividends of \$70,060.00 during the year.

Material and Supplies of the Commission had a book value of \$2,402,009.79 at December 31, 1968. A physical inventory of Material

and Supplies was taken at August 31, 1968 and I have received certification from responsible officers of the Commission to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- (b) That the basis of inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and Director of Finance of the Railway have certified in writing that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1968 with the exception of the following contingent liabilities:

- "(a) Permanent awards under The Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank in Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of the business, and
(ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect of obligations for construction up to \$250,000.00."

Accounts Receivable and Accounts Payable at December 31, 1968 were not confirmed by direct correspondence with the debtors or creditors concerned.

Statement of Retained Income

The balance of retained income at December 31, 1968 is \$27,077,535.88, a net increase of \$591,258.16 during the year. The net increase results from a net profit on operations of \$228,002.62, an amount of \$349,803.42 received from the Province of Ontario to compensate for 1966 net loss on operations, profit on sale of property \$15,461.86, unclaimed vouchers and wages \$696.79, unclaimed bond and bond coupon \$1,160.00 less uncollectible accounts written off in the amount of \$3,866.53.

Statement of Income

The operations of the Commission resulted in a net profit of \$228,002.62, an increase of \$62,140.57 over that of the previous year. The commercial communications portion of these operations produced a net operating revenue of \$1,737,155.70 exclusive of any charge for Commission overhead and other indirect costs. This is a decrease of \$282,196.47 from the net operating revenue of the previous year.

Interest was not required from the Commission during the year ended December 31, 1968 on the loan of \$30,207,934.92 owing to the Province of Ontario.

Yours faithfully,

(Signed) George H. Spence, F.C.A.
Provincial Auditor

**Ontario Northland
Transportation Commission**
**Traffic and
Mileage Statistics**
January 1st to December 31st, 1968

Passenger Traffic

Number of passengers carried earning revenue	187,204
Number of passengers carried one mile.	29,906,000
Number of passengers carried one mile per mile of road	50,491
Average distance carried (miles)	159.
Total passenger revenue	753,336.
Average amount received from each passenger.	4.
Average receipts per passenger per mile (cents)	2.
Total passenger train service revenue	880,721.
Passenger service train revenue per mile	1,486.

Freight Traffic

Number of tons carried earning revenue	5,451,953
Number of tons carried earning revenue one mile	1,022,335,000
Number of tons carried earning revenue one mile per mile of road	1,726,043
Average distance haul of one ton (miles)	187.
Total Freight revenue	14,516,064.
Average amount received for each ton	2.
Average amount received per ton per mile (cents)	1.
Freight revenue per mile of road	24,507.
Freight revenue per train mile	17.

Bus Traffic

Number of passengers carried earning revenue	148,283
Total passenger revenue	591,377.
Average receipts per passenger per mile (cents)	52.
Average amount received per passenger	3.
Total passenger bus service revenue	652,033.
Bus service revenue per mile	57.
Total passenger service bus expenses	551,914.
Total passenger service bus expenses per mile (cents)	48.
Total bus mileage operated 1968	1,135,121



Total Traffic

Operating revenue	23,866,286.35
Operating revenue per mile of road	40,294.25
Operating revenue per train mile	22.90
Operating expenses	20,820,848.98
Operating expenses per mile of road	35,152.54
Operating expense per train mile	19.98
Net operating revenue	3,045,437.37
Net operating revenue per mile of road	5,141.71

Avg Mileage

Average number of passengers carried one mile per car mile	13.5
Average number of passengers carried one mile per train mile	100.2
Average number of passenger cars per train mile	11.87
Average of passenger cars	2,221,754
Average of loaded freight cars	18,130,339
Average of empty freight cars	15,837,262
Average number of freight cars per train mile	44.22
Average number of loaded freight cars per train mile	23.61
Average number of empty freight cars per train mile	20.61
Average number of tons of freight per train mile	1,328
Average number of tons of freight per loaded car mile	56.38
Average number of miles operated during year	592.3

Total Train Mileage

Average of revenue passenger trains	298,537
Average of revenue freight trains	769,949
Total revenue train mileage	1,068,486

**Ontario Northland
Transportation Commission**

**Details of
Railway Equipment**

	Dec. 31 1967	Additions	Retirements	Dec. 1 19
Locomotives				
Freight-Steam	0	—	—	
Diesel-Yard Switcher	4	—	—	
Diesel Road Switcher	19	—	—	1
Road "A" Units	20	—	—	2
	43	—	—	4
Passenger Equipment				
First Class	28	2	4	20
Combination	5	—	—	1
Restaurant	1	—	—	1
Lunch First Class	2	—	—	2
Parlor Car	1	—	1	0
Mail and Express	17	—	—	17
Box Baggage	2	—	—	2
	56	2	5	53
Freight Revenue Equipment				
Box	978	—	71	907
Flat	118	10	19	109
Hopper	98	—	1	97
Covered Hopper	35	—	—	35
Gondola	100	—	—	100
	1,329	10	91	1,248
Caboose	28	—	1	27
Steam Generator Cars	1	—	—	1
Work Equipment				
Business Cars	3	—	—	3
All other cars in Railway Service	193	16	7	202
	196	16	7	205
Total of All Equipment	1,653	28	104	1,577



Highway Equipment	Dec. 31 1967	Additions	Retirements	Dec. 31 1968
Bs	14	—	3	11
T cks	26	4	5	25
Tilers	5	—	—	5
Sition Wagons.	4	1	1	4
Sians	2	1	—	3
Tnsoline 7 Passenger Bus	3	—	1	2
Ptable Piggy Back Ramps	2	—	—	2
	56	6	10	52

Miles of

Track Operated

At close of fiscal year December 31, 1968

	Miles
Main Line	
North Bay to Timmins	257.20
Porquis to Cochrane	28.20
Cochrane to Moosonee	186.20 471.6
Branch Lines	
Earlton to Elk Lake	28.50
Welsh to Iroquois Falls	6.20
Swastika Junction to Noranda	60.00
Adams Junction to Dead End	4.80
Sherman Mine Spur	4.16
Texas Gulf Sulphur Spur	17.05 120.7
Other Tracks	
Yard Tracks and Sidings	108.71
Public Tracks	16.84
Under private Siding Agreement	13.12
Owned Outright by the Industry	14.51 153.1
	<hr/> <hr/> <hr/> <hr/> <hr/>
	745.4

Sir Transfer Limited
Report of Audit
For the year ended December 31, 1968

Board of Directors

W. A. Johnston, M.P.P., President, South River

K. Passmore, Vice President and Managing Director, Timmins

E. A. Frith, Vice President, North Bay

C. P. Girdwood, Director, South Porcupine

W. R. Thompson, Director, Swastika

J. A. Kennedy, Director, North Bay

M. A. Palangio, Director, Cochrane

G. H. Stanley, Treasurer, Timmins

W. G. Perry, Secretary, North Bay

Star Transfer Limited
 (Incorporated under the laws of Ontario
 as a Private Company)

Balance Sheet

as at December 31, 1968
 (with comparative figures for 1967)

ASSETS	December 31 1968	December 1967
Current	\$	\$
Cash (including deposit receipts)	142,230.30	72,718.
Accounts receivable	382,328.37	371,696.
Less: Allowance for doubtful accounts	10,500.00	10,500.
	371,828.37	361,196.
	<u>514,058.67</u>	<u>433,914.</u>
Prepaid expenses and deposits	16,621.74	12,988.
Motor vehicle self-insurance fund	36,694.03	20,693.
Fixed-at cost		
Land	93,970.91	93,970.
Buildings	605,971.95	571,321.
Less: Accumulated depreciation	182,749.45	160,668.
	423,222.50	410,653.
Trucks, trailers and automobiles	1,928,230.05	1,702,950.
Less: Accumulated depreciation	1,351,374.05	1,168,990.
	576,856.00	533,960.
Equipment, furniture and fixtures	136,348.59	118,277.8
Less: Accumulated depreciation	84,827.06	76,956.2
	51,521.53	41,321.6
	<u>1,145,570.94</u>	<u>1,079,905.9</u>
Truck franchise	187,760.42	187,760.
	<u>1,900,705.80</u>	<u>1,735,263.0</u>

Approved on behalf of the Board,
 E. A. Frith—Director
 Ken Passmore—Director

LIABILITIES

	December 31 1968	December 31 1967
	\$	\$
Current		
Accounts payable and accrued expenses	159,232.23	177,101.02
Receiver General re employees' payroll deductions	19,602.10	20,471.97
Accrued wages	41,933.70	23,662.35
Dividends payable	35,030.00	—
	<hr/> 255,798.03	<hr/> 221,235.34
Reserve for motor vehicle self-insurance	36,694.03	20,693.65

Capital and Retained Income**Capital Stock**

Preference

% non-cumulative, redeemable, par value \$100.00 each
authorized, 443 shares

Issued and fully paid, 395 shares

39,500.00

39,500.00

Common

Par value \$100.00 each

Authorized, 200 shares

Issued and fully paid, 145 shares

14,500.00

14,500.00

54,000.00

54,000.00

Contributed surplus**Retained income**

4,200.00

4,200.00

1,550,013.74

1,435,134.03

1,608,213.74

1,493,334.03

1,900,705.80

1,735,263.02

Auditor's Report

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1968 and the statements of income, retained income and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of income, retained income and source and application of funds present fairly the financial position of the Company as at December 31, 1968 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George H. Spence, F.C.A.
Provincial Auditor

Toronto, March 24, 1969.

Star Transfer Limited

Statement of Income

for the year ended December 31, 1968
 (with comparative figures for 1967)

	1968	1967
Revenue—	\$	\$
Transport trucking	3,759,919.70	3,341,351.1
Less: Interline charges	413,536.68	381,976.1
	3,346,383.02	2,959,375.1
Commissions earned	6,744.22	6,184.1
Cold storage	1,732.16	852.9
Heating and icing	18,957.91	10,133.6
Rentals	400.00	1,012.1
Miscellaneous	14,221.67	13,320.1
	3,388,438.98	2,990,879.8
Expenses—		
Damages	30,835.43	24,280.2
Provision for depreciation—		
Buildings	22,080.90	21,434.9
Equipment	13,304.24	10,895.5
Trucks, trailers and automobiles	247,223.49	228,840.6
	282,608.63	261,171.1
Employees' pension fund	25,694.86	22,939.8
Gasoline, oil and diesel fuel	430,752.36	369,750.5
Garage supplies	8,145.73	7,131.6
Garage salaries and wages	153,821.25	130,793.1
Heating and icing	4,313.35	2,804.0
Loading and stowing	5,723.66	9,196.8
Trip expense	4,884.90	7,609.5
Purchased transportation	11,278.08	5,165.2
Insurance	58,991.86	59,735.4
Licenses	94,309.36	80,976.5
Light, heat, power and water	14,132.82	14,987.9
Maintenance—		
Buildings	17,804.15	14,305.7
Equipment	4,060.34	4,902.2
Yard	3,250.31	1,704.7
	25,114.80	20,912.7
Miscellaneous	2,318.75	2,603.9

Statement of Income (Continued)

	1968	1967
	\$	\$
Municipal taxes	25,003.10	23,259.45
Radio telephone expense	1,122.17	607.95
Rent	12,417.40	8,816.32
Repairs to trucks and trailers	257,665.49	236,405.20
Tires and tubes	107,578.00	94,732.20
Unemployment insurance	12,776.07	9,174.95
Vacation pay	54,289.31	42,375.47
Wages	1,095,476.52	869,509.88
Welfare payments under agreement	37,921.00	29,360.00
Workmen's compensation	34,467.02	32,895.66
Security guards and watchmen's wages	17,418.69	16,881.27
Administrative expenses, per statement attached	400,542.37	362,452.26
	<u>3,209,602.98</u>	<u>2,746,529.50</u>
Net profit for the year	<u>178,836.00</u>	<u>244,350.36</u>

to Transfer Limited

**Statement of
Administrative Expenses**

for the year ended December 31, 1968
with comparative figures for 1967

	1968	1967
	\$	\$
Advertising	12,431.88	6,897.72
Association dues	7,368.34	4,524.18
Provision for doubtful accounts	1,208.19	4,406.97
Bank charges and interest	2,331.47	2,189.18
Legal and audit fees	8,625.02	8,179.06
License expense—franchises	581.57	—
Office and general	15,976.31	16,301.50
Salaries	282,598.46	262,807.02
Postage	2,898.95	2,675.81
Salesmen's expenses	4,989.47	4,658.57
Telephone, telegraph and teletype.	25,792.99	22,346.97
Travelling	8,606.35	5,618.81
Donations	2,210.00	1,948.00
Group insurance	12,816.05	11,198.35
Employees' pension plan	8,310.80	7,143.12
Traffic department—stationery	3,796.52	1,557.00
	<u>400,542.37</u>	<u>362,452.26</u>

Star Transfer Limited**Statement of
Retained Income**

for the year ended December 31, 1968
(with comparative figures for 1967)

	1968	1967
	\$	\$
Balance at beginning of period	1,435,134.03	1,324,559
Add:		
Net profit for the period	178,836.00	244,350
Bad debts recovered	255.06	300
Profit on disposal of fixed assets	5,848.65	6,043
	<hr/>	<hr/>
	184,939.71	250,694
	<hr/>	<hr/>
	1,620,073.74	1,575,254
Deduct:		
Dividends declared—*		
On preference shares	1,185.00	2,370
On common shares	68,875.00	137,750
	<hr/>	<hr/>
	70,060.00	140,120
	<hr/>	<hr/>
Balance at end of period	<hr/>	<hr/>
	1,550,013.74	1,435,134

* Dividends declared :

Preference Shares—

1967 \$6.00 per share

1968 \$3.00 per share

Common Shares—

1967 \$950.00 per share

1968 \$475.00 per share

Transfer Limited

**Statement of
Contributed Surplus**

For the year ended December 31, 1968

**Statement of Source
and Application of Funds**

For the year ended December 31, 1968

	\$
Balance December 31, 1968	<u>4,200.00</u>

Source of Funds:

Net income for the year	178,836.00
Provision for depreciation (not requiring an outlay of funds)	282,608.63
Proceeds from sale of fixed assets	15,497.00
Bad debts recovered	255.06
	<u>477,196.69</u>

Application of Funds:

Additions to fixed assets	357,921.99
Dividends declared	70,060.00
Increase in working capital	49,214.70
	<u>477,196.69</u>



One of Star Transfer Limited modern fleet of trucks

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Ontario Northland
TRANSPORTATION COMMISSION

ONTARIO, CANADA



PROVINCE OF ONTARIO

Honourable John P. Robarts, Q.C.

Prime Minister

Honourable G. A. Kerr, Q.C., Minister

Department of Energy and Resources Management



SIXTY-NINTH
ANNUAL REPORT
of the
Ontario Northland
Transportation
Commission
for the year ended
December 31, 1969



ONTARIO

MINISTER OF ENERGY AND RESOURCES MANAGEMENT

The Honourable W. Ross Macdonald,
PC., CD., QC., LLD.,
Lieutenant Governor of the Province of Ontario
MAY IT PLEASE YOUR HONOUR:

I beg leave to present the 69th annual report of
the Ontario Northland Transportation Com-
mission for the year ending December 31, 1969.

Respectfully submitted,

G. A. Kerr, Q.C.
Minister.

May 1, 1970.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Honourable G. A. Kerr, QC.,
Minister of Energy and Resources Management.
Parliament Buildings,
Toronto, Ontario.

Sir:

I beg to submit the Annual Report for the year
1969 of Ontario Northland Transportation Com-
mission, and I have the honour to be, Sir,

Yours faithfully,

W. A. Johnston, M.P.P.
Chairman.

May 1, 1970.



Ontario Northland Transportation Commission

W. A. Johnston, M.P.P., Chairman, South River

W. R. Thompson, Industrial Commissioner, Swastika

J. A. Kennedy, Commissioner, North Bay

C. P. Girdwood, Commissioner, South Porcupine

M. A. Palangio, Commissioner, Cochrane

T. G. Farmer, Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay

F. S. Clifford, Manager of Rail Services, North Bay

J. S. Cooper, Chief Engineer, North Bay

D. E. MacDougall, Director of Finance, North Bay

L. K. Smiley, Manager of Communications, North Bay

K. Passmore, Manager of Road Transport Services, Timmins

North Bay, Ontario,
May 1, 1970.

Mr. W. A. Johnston, M.P.P.,
Chairman.

Dear Sir:

The following report of operations for year ended December 31, 1969, is respectfully submitted:

Financial Review and Highlights of Operation

An increase in revenue and control of expenses resulted in a net profit of \$610,122.35 in 1969 for the Ontario Northland Transportation Commission. Passenger, Freight, Express and Communications showed a marked increase in revenue over 1968. Revenue for 1969 reached a total of \$25,515,126.93 as compared to a revenue total of \$23,866,286.35 for 1968, an improvement of \$1,648,840.58.

However, operating expenses increased in 1969 by \$1,143,331.94 with wages accounting for over half of this increase. Again in 1969, the Commission applied an additional \$1,432,324.00 to the Employees' Contributory Pension Fund. These funds in part are being applied to the amortization of the unfunded liability of this fund.

Maturing debentures amounting to \$7,500,000.00 were retired in 1969 and all interest payments met in full. The total debt of the Commission as at December 31, 1969, stood at \$24,000,000.00 of which \$1,500,000.00 was funded and \$22,500,000.00 on a temporary basis.

Order-in-Council approval of capital expenditures in 1969 totalled \$4,405,100.00 and generally covered the purchase of new rolling stock, roadbed improvements and communication extensions.

Completion of the extension of the microwave system to Timmins provided improved communication facilities in this area. This system was designed to allow for the anticipated growth during the years to come.

Inauguration of charter bus trips to Southern United States highlighted a successful 1969 bus operation.

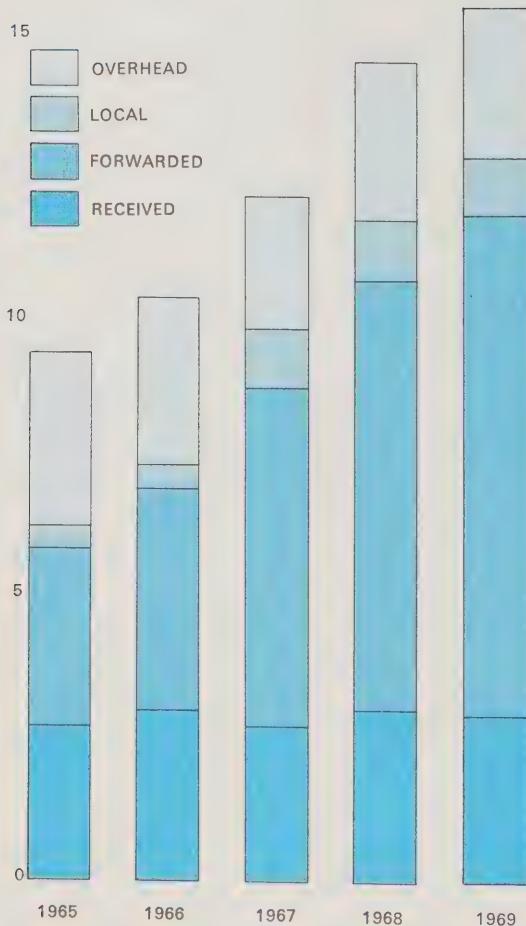
Communications

Earnings in the Communications Department increased by 6% during the year. This was higher than the 4% which was anticipated. The major portion of this new business was a result of increased long distance traffic and 3,835,461 calls were placed. The Department carried forward a variety of programmes aimed at achieving further improvement and expansion of services.

Construction of a new dial exchange at Temagami North was commenced in 1969 in order to meet Ontario Northland's commitment for service in 1970 and to provide for long term growth requirements of the area.

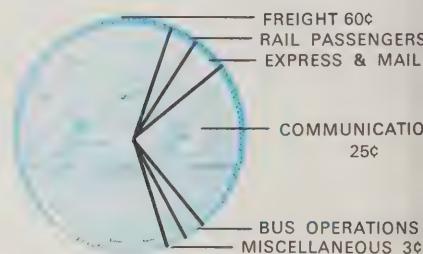


CARLOAD FREIGHT REVENUE in millions of dollars

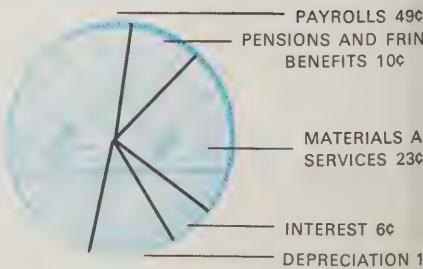


THE RAILWAY'S DOLLAR—1969

Where it came from



Where it went



Passenger Services—Rail and Bus

Revenue from bus lines operation increased by 18.9%. Railway passenger service increased by 18.7% which can be attributed in part to the successful summer excursion train operation between Cochrane and Moosonee.

In order to upgrade our bus fleet and to provide equipment for expansion of charter business, three new highway type buses were purchased in 1969.

Six ice activated air-conditioned coaches were converted in 1969 to mechanical air conditioned coaches in order to provide controlled air conditioning for the comfort of Ontario Northland rail passengers.

Tourism

The popularity of the excursion train inaugurated by the Commission in 1964 as an experiment continued to multiply and in 1969 the service was increased to a three day per week operation. Over 16,210 passengers were carried on the Wednesday, Friday, Sunday excursion train from Cochrane to Moosonee during the period June 15 to September 14.

The impact of the excursion train as projected by the Commission has certainly met all expectations. All levels of economy in Northeastern Ontario have greatly benefited by this tourist attraction.

The Commission's Lodge at Moosonee, which has modern dining facilities and 38 rooms, has continued to operate at near capacity particularly during the summer months.

Hannah Bay Goose Camp, which is located 45 air miles east of Moosonee on the bank of the Harricanaw River, again provided a very successful shoot for the 155 hunters who attended.

Although 9,000 passengers were carried on the Chief Commanda on Lake Nipissing, this facility continued in a deficit position. The cruise ship is a tourist attraction for the North Bay area and despite losses each year, the Commission does not intend to dispose of this operation.

Labour-Management Relations

Contracts with the various labour unions do not come up for renewal until 1970, but regular meetings were held with the union representatives during 1969 and the points of view exchanged proved to be of great value.

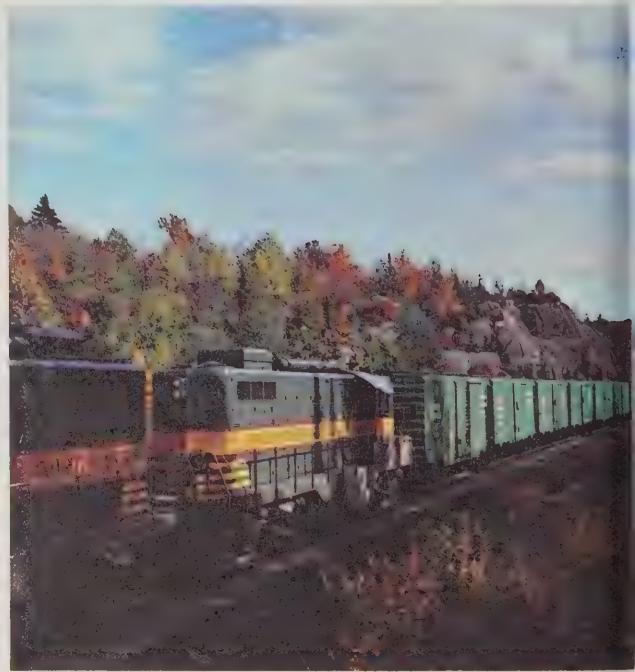
The Joint Labour-Management Consultation Committee which was formed in 1967 also continued to meet on a regular basis to discuss items of mutual interest.

Express Freight

Revenue from express operations in 1969 amounted to \$1,179,220.00 an increase of \$81,766.00 over 1968.

A new terminal was constructed for express freight operations at Moosonee and reflected a decided improvement in the handling of Moosonee, James Bay and Hudson Bay traffic.

Three electro-mechanical refrigerator cars were purchased for operation between Cochrane and Moosonee for the protection and handling of perishable freight.



Modern freight train serving Northland industry



One of three new highway type buses

Chief Commanda cruising on Lake Nipissing

Over the years, the Ontario Northland has been most conscious of the effect freight rates have on the development of Northern Ontario and has consistently taken the lead in the promotion of reasonable rates, both northbound and southbound, to aid industry. Express rates locally on the Ontario Northland Railway are 15% below that charged on other railways for the same service.

Bus Parcel Express provides fast and frequent service to and from practically every municipality in Northeastern Ontario. Proof of public acceptance of this service is borne out by a gross revenue in 1969 of \$85,211.28, a 2% increase over 1968.

Safety

The second year of operation for the "Accident Control for Employees and Supervisors" programme was in 1969 and this refreshing look at accident prevention produced encouraging results. First aid training was again made available to all employees during 1969. The Commission in 1969 installed automatic hot box detector equipment between North Bay and Englehart to detect overheated journals, dragging equipment, broken flanges and loose wheels. This equipment has been installed in recent years on other railroads and reduces the possibility of derailments and steel repair costs.

Star Transfer Limited

Star Transfer Limited in 1969 declared a dividend of \$140,120.00 to the Commission, had an operating surplus of \$212,352.00 and the assets of this subsidiary company at the end of 1969 amounted to \$1,633,726.49.

This Company has 232 units in operation with terminals at Hearst, Kapuskasing, Cochrane, Timmins, Iroquois Falls, Kirkland Lake, New Liskeard, North Bay and Toronto, providing complete trucking service throughout Northeastern Ontario. Star moved 118,158 tons of freight in 1969 compared to 108,848 tons in 1968.

Ontario Northland and Star Express freight distribution centres were combined at Kirkland Lake and New Liskeard. This merger has proven very successful from an operating standpoint and in serving the general public.

Capital expenditure authority received by Order-in-Council totalled \$238,000.00 for improvements in 1969 to the trucking operations of the Commission's subsidiary. Included in this budget was the replacement of trucks, tractors and trailers and property improvements to Star's Timmins Terminal.

Outlook

With the construction of a smelter at Timmins together with increased potential for additional mineral production, Ontario's Northland can look forward to a period of prosperity and growth which will surpass anything in its history.

The Ontario Northland Transportation Commission is dedicated to the enhancement of prosperity in this region and is expanding all services in order to assist in the development of Northern Ontario.

Yours very truly,

E. A. Firth,
General Manager.



Ontario Northland Transportation Commission

Balance Sheet

As at December 31, 1969 with comparative figures for 1968

ASSETS	1969	1968
Current Assets		
Cash	\$ 98,790.98	\$ 330,906.00
Agents' Balances	2,708,657.09	2,372,027.60
Accounts Receivable	745,310.97	694,506.70
Material and Supplies	2,173,145.91	2,402,009.90
Prepaid Insurance	52,823.67	31,743.60
	<u>5,778,728.62</u>	<u>5,831,193.80</u>
Deferred Charges and Other Assets		
Insurance Fund	406,594.71	371,371.60
Bus Franchises	122,122.10	122,122.00
Discount and Expenses re Debenture Loans	16,314.07	33,353.30
Deposits	15,000.00	15,000.00
Miscellaneous	14,929.18	25,503.30
	<u>574,960.06</u>	<u>567,350.70</u>
Investment in Wholly Owned Subsidiary		
Star Transfer Limited	691,800.21	691,800.00
Investment in Property		
Road-Main Line and Branches	78,984,378.28	76,975,102.20
-Improvements-Leased Lines	5,098,714.69	4,996,049.30
-Wholly Owned Subsidiary-		
- Nipissing Central Railway	4,268,987.29	4,268,987.20
Equipment-Rail and Highway	24,654,129.16	24,665,637.10
-Boat	214,395.73	214,395.00
Miscellaneous	349,923.95	357,548.00
	<u>113,570,529.10</u>	<u>111,477,721.00</u>
Less: Accumulated Depreciation	33,535,446.46	31,692,339.00
	<u>80,035,082.64</u>	<u>79,785,381.00</u>
Contributory Pension Fund Held in Trust	<u>14,610,724.17</u>	<u>12,806,364.00</u>
	<u><u>\$101,691,295.70</u></u>	<u><u>\$ 99,682,091.00</u></u>

W. A. Johnston, Chairman.

D. E. MacDougall, Director of Finance.

LIABILITIES	1969	1968
Current Liabilities		
Demand Loans—Guaranteed by Province of Ontario	\$ 10,000,000.00	\$ 9,300,000.00
—Province of Ontario	12,000,000.00	4,500,000.00
Accounts Payable	1,904,564.87	2,548,770.80
Traffic Balances	2,838,245.51	2,812,967.50
Debenture Maturing in 1970	500,000.00	8,000,000.00
Accrued Interest	154,850.94	130,519.97
Deposits	600.00	50.00
	<u>27,398,261.32</u>	<u>27,292,308.27</u>
Deferred Credits and Reserves		
Deferred Rental Revenue	358,453.78	422,965.27
Insurance Fund Reserve	406,594.71	371,371.86
Fidelity Insurance Reserve		3,610.43
	<u>765,048.49</u>	<u>797,947.56</u>
Long Term Liabilities		
Debentures—Guaranteed by Province of Ontario:		
¾—1971-72	1,000,000.00	1,500,000.00
Loan from Province of Ontario Non-Interest Bearing	30,207,934.92	30,207,934.92
	<u>31,207,934.92</u>	<u>31,707,934.92</u>
Contributory Pension Fund Held in Trust (Contra)		
Retained Income	14,610,724.17	12,806,364.82
	<u>27,709,326.80</u>	<u>27,077,535.88</u>
	<u>\$101,691,295.70</u>	<u>\$ 99,682,091.45</u>

Toronto, April 20, 1970.

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1969 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion these financial statements present fairly the financial position of the Commission as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. Bruce Cranston
Asst. Provincial Auditor

The comments in the report attached are an integral part of this balance sheet.



Ontario Northland Transportation Commission

Statement of Retained Income

for the year ended December 31, 1969

Balance December 31, 1968	\$27,077,535.00
Add:	
Net Profit for year ended December 31, 1969	\$610,122.35
Fidelity Insurance Reserve.	3,610.43
Profit on Sale of Property	<u>20,438.43</u>
	<u>634,171.18</u>
	<u>27,711,707.18</u>
Deduct:	
Vouchers and Wages Previously Written Off	717.43
Uncollectible Accounts	<u>1,662.86</u>
Balance December 31, 1969	<u>\$27,709,326.89</u>

Referred to in the report of this date attached,
Toronto, April 20, 1970

Statement of Source and Application of Funds

for the year ended December 31, 1969

Source of Funds

Net Profit for the Year	\$ 610,122.35
Add : Charges to Operations not Requiring an Outlay of Funds	
Provision for Depreciation	2,984,993.55
Amortization of Discount on Debentures	17,039.31
Loss on Disposal of Assets-Net	<u>32,041.71</u>
	\$3,644,196.92
Decrease in Working Capital	158,418.41
Profit on Sale of Property	20,438.43
Miscellaneous Items-Net	<u>8,193.66</u>
	<u><u>\$3,831,247.42</u></u>

Application of Funds:

Additions to Fixed Assets	\$3,555,717.93
Less : Recovery on Retirements	<u>288,982.00</u>
	3,266,735.93
Reduction in Long Term Liabilities-	
Transferred to Current Liabilities	500,000.00
Deferred Rental Revenue	<u>64,511.49</u>
	<u><u>\$3,831,247.42</u></u>

Referred to in the report of this date attached,
 Toronto, April 20, 1970

Statement of Income

for the year ended December 31, 1969 with comparative figures for 1968

	Year Ended December 31, 1969	Year Ended December 31, 1968
Railway Operating Revenue (for details see Schedule A attached)		
Freight Services	\$15,269,366.51	\$14,725,897.2
Passenger Services	1,028,184.63	898,023.0
Express	1,179,220.80	1,097,444.2
Communications (Commercial)	6,255,414.61	5,610,597.2
All Other.	1,782,940.38	1,534,324.5
Total Operating Revenue	<u>25,515,126.93</u>	<u>23,866,286.3</u>
Railway Operating Expense (for details see Schedule B attached)		
Road Maintenance	4,470,479.43	4,539,332.8
Equipment Maintenance.	3,839,823.81	3,640,629.4
Traffic	279,052.14	227,076.3
Transportation	4,911,980.75	4,678,385.6
Express Freight	1,029,190.79	965,558.5
Miscellaneous Operations	329,692.90	176,639.4
Communications (Commercial)	4,186,572.71	3,873,441.5
General	1,576,278.73	1,476,003.3
Other—Bus, Boat Line, Tourist Camp.	859,612.51	762,284.6
Total Operating Expense	<u>21,482,683.77</u>	<u>20,339,351.8</u>
Net Revenue from Railway Operations	<u>4,032,443.16</u>	<u>3,526,934.5</u>
Taxes and Rents		
Railway Tax Accruals	149,220.73	138,263.8
Equipment Rents	365,057.25	386,635.3
Joint Facility Rents	44,347.13 cr	43,402.0
Total Taxes and Rents	<u>469,930.85</u>	<u>481,497.1</u>
Net Railway Operating Surplus	<u>\$ 3,562,512.31</u>	<u>\$ 3,045,437.3</u>
Other Income		
Dividends—Star Transfer Limited	\$ 140,120.00	\$ 70,060.0
Other Income Charges	86,725.35 dr	124,630.5
Total Other Income	<u>53,394.65</u>	<u>54,570.5</u>
Surplus Before Fixed Charges	<u>3,615,906.96</u>	<u>2,990,866.8</u>
Fixed Charges		
Interest on Funded Debt.	464,791.68	724,537.4
Interest on Unfunded Debt.	1,091,629.62	588,488.7
Discount and Expenses re Debenture Loans	17,039.31	17,514.0
Payment towards the Unfunded Liability and Experience Deficiency of Contributory Pension Fund	1,432,324.00	1,432,324.0
Total Fixed Charges	<u>3,005,784.61</u>	<u>2,762,864.2</u>
Net Profit carried to Retained Income	<u>\$ 610,122.35</u>	<u>\$ 228,002.6</u>

Referred to in the report of this date attached,
Toronto, April 20, 1970

Details of Operating Revenue

for the year ended December 31, 1969 with comparative figures for 1968

Schedule A

	Year Ended December 31, 1969	Year Ended December 31, 1968
Freight Services		
Freight	\$ 15,180,855.58	\$ 14,640,201.68
Switching	17,855.69	12,229.79
Demurrage	70,164.79	72,932.94
Storage	490.45	532.86
Total	15,269,366.51	14,725,897.27
Passenger Services		
Passenger	895,750.78	753,336.55
Dining and Buffet Service	111,092.73	123,587.94
Station, Train and Boat Privileges	1,451.44	1,363.40
News Service and Restaurants	15,112.12	17,301.95
Baggage, Transportation and Storage	4,777.56	2,433.19
Total	1,028,184.63	898,023.03
Express		
Express	1,179,220.80	1,097,444.24
Communications (Commercial)		
Telegraph	317,955.29	305,107.81
Telephone	5,937,459.32	5,305,489.45
Total	6,255,414.61	5,610,597.26
All Other		
Mail	12,346.10	11,807.71
Highway Transport—Bus	775,285.32	652,033.51
Boat Line	65,277.68	57,227.18
Tourist Camps	176,103.50	175,805.97
Power and Water	147,848.27	—
Rent—Buildings and Other Property	565,551.84	574,985.70
Miscellaneous	40,527.67	63,294.27
Joint Facilities	—	829.79 dr
Total	1,782,940.38	1,534,324.55
Total Operating Revenue	\$ 25,515,126.93	\$ 23,866,286.35

Details of Operating Expense

for the year ended December 31, 1969 with comparative figures for 1968

Schedule B

	Year Ended December 31, 1969	Year Ended December 31, 1968
Road Maintenance		
<i>Superintendence</i>	<u>\$ 169,513.64</u>	<u>\$ 173,060.5</u>
<i>Track and Roadway</i>		
Track and Roadway Maintenance	1,795,028.80	1,828,635.8
Ties	4,690.31	7,479.1
Rails	15,715.72 cr	78,020.6
Other Track Material	45,976.31	86,735.0
Ballast	442.75	164.7
Fences, Snowsheds and Signs	17,566.98	17,762.6
Small Tools and Supplies	84,568.34	97,118.0
Removing Snow, Ice and Sand	180,149.17	187,471.1
Total	<u>2,112,706.94</u>	<u>2,303,387.2</u>
<i>Bridges and Structures</i>		
Tunnels, Bridges and Culverts	100,583.02	90,674.2
Station and Office Buildings	111,100.29	136,518.8
Roadway Buildings	53,299.44	45,531.8
Water and Fuel Stations	8,567.08	3,950.0
Shops and Enginehouses	88,211.34	97,506.3
Power Plant Systems	8,610.06	10,506.4
Other Structures	191.26	69.3
Total	<u>370,562.49</u>	<u>384,757.0</u>
<i>Railway Communications and Signal Systems</i>		
Communications (Rail)	45,007.85	45,000.0
Signals	168,133.11	165,618.6
Total	<u>213,140.96</u>	<u>210,618.6</u>

	Year Ended December 31, 1969	Year Ended December 31, 1968
<i>Miscellaneous</i>		
Public Improvements	\$ 1,042.45	\$ —
Roadway Machines	170,451.38	128,018.07
Injuries to Persons	50,136.63	40,735.75
Insurance	19,908.19	22,701.55
Stationery	5,242.01	3,693.58
Other Expenses	<u>81,776.85</u>	<u>35,161.92</u>
Total	<u>328,557.51</u>	<u>230,310.87</u>
<i>Depreciation and Retirements</i>		
Road and Property Depreciation	1,325,712.00	1,293,420.00
Dismantling Retired Road Property	11,854.74	16,831.29
Total	<u>1,337,566.74</u>	<u>1,310,251.29</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	61,568.85 cr	73,052.78 cr
Total Road Maintenance	<u>\$ 4,470,479.43</u>	<u>\$ 4,539,332.89</u>



Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1969, with comparative figures for 1968

Schedule B continued

	Year Ended December 31, 1969	Year Ended December 31, 1968
Equipment Maintenance		
<i>Superintendence</i>	\$ 150,368.84	\$ 142,277.71
<i>Machinery</i>		
Shop and Powerhouse Machinery	73,308.28	84,840.00
<i>Equipment</i>		
Diesel Locomotives	1,187,288.07	1,175,821.51
Freight Train Cars	1,002,506.04	921,952.81
Passenger Train Cars	380,544.25	346,962.81
Work Equipment.	168,823.16	67,906.11
Other Equipment	1,207.33	497.90
Total	<u>2,740,368.85</u>	<u>2,513,141.31</u>
<i>Miscellaneous</i>		
Injuries to Persons	27,156.99	25,765.60
Insurance	28,334.00	56,298.60
Stationery	9,010.73	5,591.10
Total	<u>64,501.72</u>	<u>87,655.30</u>
<i>Depreciation and Retirements</i>		
Other Equipment and Machinery Depreciation . . .	41,244.64	43,581.44
Dismantling Retired Equipment	6,784.44	4,266.23
Rolling Stock Depreciation.	767,319.02	769,740.00
Total	<u>815,348.10</u>	<u>817,587.67</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	4,071.98 cr	4,872.62
Total Equipment Maintenance	<u>\$ 3,839,823.81</u>	<u>\$ 3,640,629.45</u>
Traffic		
<i>Superintendence</i>	\$ 117,022.43	\$ 83,131.05
Agencies	95,894.09	101,441.07
Advertising	3,067.25	12,564.79
Associations	6,922.72	5,000.18
Industrial and Immigration Bureaus	35,677.83	4,304.96
Stationery	17,281.86	19,511.52
Other Expenses	3,185.96	1,122.77
Total Traffic	<u>\$ 279,052.14</u>	<u>\$ 227,076.34</u>

	Year Ended December 31, 1969	Year Ended December 31, 1968
Transportation		
<i>Supervision</i>		
Superintendence	\$ 228,904.18	\$ 205,993.67
Dispatching	129,713.16	120,239.77
Total	358,617.34	326,233.44
<i>Station Services</i>		
Station Employees	\$ 572,722.58	\$ 583,591.59
Weighing, Inspection and Demurrage	6,138.55	5,128.25
Station Expense	104,919.58	90,397.32
Total	683,780.71	679,117.16
<i>Yard Services</i>		
Yardmasters and Clerks	334,166.93	290,488.53
Yard Trainmen	334,700.83	326,169.99
Yard Switchmen	10,248.10	9,508.65
Yard Enginemen	141,812.63	142,492.03
Yard Locomotive Fuel and Power	30,416.79	33,660.23
Yard Locomotive Water	248.36	185.51
Yard Locomotive Other Supplies	2,664.17	1,379.73
Yard Enginehouse Expenses	654.65	333.03
Yard Other Expenses	14,881.66	9,299.49
Total	869,794.12	813,517.19
<i>Train Operations</i>		
Train Enginemen	550,705.39	531,812.94
Train Locomotive Fuel and Power	645,078.33	640,708.76
Train Locomotive Water	6,410.90	4,201.60
Train Locomotive Other Supplies	44,235.00	46,514.10
Train Enginehouse Expense	310,429.91	328,381.97
Trainmen	862,134.92	812,925.33
Train Other Expenses	599,509.12	567,087.40
Total	3,018,503.57	2,931,632.10

Details of Operating Expense

for the year ended December 31, 1969, with comparative figures for 1968

Schedule B continued

	Year Ended December 31, 1969	Year Ended December 31, 1968
<i>Miscellaneous</i>		
Insurance	\$ 360.00	\$ —
Signal Operations	1,336.09	1,100.44
Crossing Protection	658.10	9,563.92
Stationery	40,284.73	29,836.63
Other Expenses	66,106.28	26,164.73
Total	<u>108,745.20</u>	<u>66,665.72</u>
<i>Casualty Costs</i>		
Clearing Wrecks	45,899.03	24,087.28
Damage to Property	6,834.25	276.00
Loss and Damage—Freight	77,415.97	66,551.98
—Baggage	236.00	279.16
Injuries to Persons	52,938.46	56,653.19
Total	<u>183,323.71</u>	<u>147,847.61</u>
<i>Joint Facilities</i>		
Operating Joint Yards and Terminals	310,783.90 cr	286,627.57
Total Transportation	<u>\$ 4,911,980.75</u>	<u>\$ 4,678,385.65</u>
<i>Express Freight</i>		
<i>Superintendence</i>	\$ 34,226.29	\$ 33,438.09
<i>Station Services</i>		
Express Freight Employees	643,250.98	587,861.21
Freight Shed Expense	156,195.67	157,587.87
Trainmen	1,087.19	1,939.74
Other Expenses—Train	122,599.32	132,673.07
Stationery	15,585.25	14,723.30
Other Expenses	19,041.02	7,465.90
Loss and Damage—Express Freight	32,546.85	20,795.59
Injuries to Persons	4,658.22	9,073.74
Total	<u>994,964.50</u>	<u>932,120.42</u>
Total Express Freight	<u>\$ 1,029,190.79</u>	<u>\$ 965,558.51</u>

	Year Ended December 31, 1969	Year Ended December 31, 1968
Miscellaneous Operations		
Dining and Buffet Service	\$ 158,036.87	\$ 179,232.02
News Service and Restaurant	20,956.04	16,942.53
Power	146,832.77	15,939.08 cr
Water	3,867.22	3,596.06 cr
Total Miscellaneous Operations	\$ 329,692.90	\$ 176,639.41
Communications (Commercial)		
Telegraph Maintenance	\$ 186,192.18	\$ 182,684.55
Telegraph Conducting Operations	91,260.74	88,088.58
Telegraph General	28,161.36	27,114.09
Telegraph Municipal Taxes	6,807.60	4,253.69
Telephone Maintenance	1,589,612.09	1,407,092.46
Telephone Conducting Operations	1,886,217.85	1,839,222.85
Telephone General	337,052.50	278,561.45
Telephone Municipal Taxes	61,268.39	46,423.89
Total Communications	\$ 4,186,572.71	\$ 3,873,441.56
General		
General Officers	\$ 166,311.56	\$ 180,803.48
Hawks and Attendants	507,598.93	493,415.27
Office Expenses	85,429.37	45,113.42
Law Expenses	26,574.64	27,983.80
Insurance	21,430.33	23,191.00
Pensions	606,310.23	581,424.45
Stationery	45,818.35	25,654.07
Other Expenses	158,830.69	135,652.79
Joint Facilities General	42,025.27 cr	37,234.94 cr
Total General	\$ 1,576,278.73	\$ 1,476,003.34
Other		
Highway Transport Operations—Bus	\$ 635,468.96	\$ 551,914.50
Rail Line Operations	81,025.06	73,601.87
Tourist Camp Operations	143,118.49	136,768.31
Total Other	\$ 859,612.51	\$ 762,284.68
Total Operating Expense	\$ 21,482,683.77	\$ 20,339,351.83



Auditor's Report

Toronto, April 20, 197-

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1969 and comment thereon as follows:

Balance Sheet

The cash in banks of \$96,760.98 at December 31, 1969 was reconciled with the balance shown on letters of confirmation received direct from the banks concerned. The petty cash funds totalling \$2,030.00 were verified by actual count.

The Contributory Pension Fund is comprised of the following assets at December 31, 1969:

Cash	\$ 189,531.73
Accounts Receivable . . .	2,311.73
Term Deposits	2,860,000.00
Bonds at Cost (Market Value \$8,384,238) . . .	11,159,333.57
Stocks at Cost (Market Value \$487,687) . . .	399,547.14
	<hr/>
	\$14,610,724.17

In accordance with Regulations made under The Pension Benefits Act, 1965, the Commission made payments during the year totalling \$1,432,324 towards the unfunded liability arising from an experience deficiency of the Fund of \$2595,223 at December 31, 1967 as reported by the actuary.

Details of the Insurance Fund are as follows:

Cash	\$ 9,027.80
Term Deposits	91,000.00
Bonds at Cost (Market Value \$243,103)	306,566.80
	<hr/>
	\$406,594.70

During the year the Fire Insurance Fund was combined with the Accident Insurance Fund to form the above Fund to be used to cover expenses in excess of \$100,000, resulting from any one accident, or any situation which is not covered by an outside insurance agency.

The Business Liability Insurance policy for \$5,000,000 and the Fire Insurance policy for \$1,200,000, each with a \$100,000 deductible clause, were renewed for three years.

The Securities of the Funds were verified by actual count and reconciliation with the related records. The cash and term deposits were confirmed by letters received direct from the depositaries.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. Under an agreement, the Commission operates the Nipissing Central Railway as part of its system. This property has been grouped with other Road items at a net amount representing book value of \$4,943,353.00 less a retirement reserve of \$674,365.71.

Star Transfer Limited is also a wholly owned subsidiary of the Commission with its head office located at Timmins, Ontario. Star Transfer Limited has its own executive officers and its operations are conducted under their supervision. The operations of Star Transfer Limited for the year ended December 31, 1969 resulted in a net profit of \$212,351.84, an increase of \$33,515.84 over that of the previous year. The Company declared dividends of 140,120 during the year.

Material and Supplies of the Commission had a book value of \$2,173,145.91 at December 31, 1969. A physical inventory of Material and Supplies was taken as at August 31, 1969 and I have received certification from responsible officers of the Commission to the effect:

- a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- b) That the basis of inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for conditions thereof.

The General Manager and Director of Finance have certified in writing that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1969 with the exception of the following contingent liabilities:

- "(a) Permanent awards under The Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of the business, and
(ii) To cover the performance of obligations of Star Transfer Limited for construction or the payment of monies in respect of obligations for construction up to \$250,000."

Accounts Receivable and Accounts Payable at December 31, 1969 were not confirmed by direct correspondence with the debtors or creditors concerned.

Statement of Retained Income

The balance of retained income at December 31, 1969 was \$27,709,326.80, a net increase of \$631,790.92 during the year. The net increase results from a net profit of \$610,122.35, profit on sale of property \$20,438.43, transfer of fidelity insurance reserve of \$3,610.43 less miscellaneous items of \$2,380.29.

Statement of Income

The operations of the Commission resulted in a net profit of \$610,122.35, an increase of \$382,119.73 over that of the previous year. The commercial communications portion of these operations produced a net operating revenue of \$2,068,841.90 exclusive of any charge for Commission overhead and other indirect costs. This is an increase of \$331,686.20 over the net operating revenue of the previous year.

Interest was not required from the Commission during the year ended December 31, 1969 on the loan of \$30,207,934.92 owing to the Province of Ontario.

Yours faithfully,

R. Bruce Cranston
Asst. Provincial Auditor

Traffic and Mileage Statistics

January 1st to December 31st, 1969

Passenger Traffic

Number of passengers carried earning revenue	179,611
Number of passengers carried one mile.	30,916,000
Number of passengers carried one mile per mile of road	52,197
Average distance carried (miles)	172.1
Total passenger revenue	895,750.7
Average amount received from each passenger	4.9
Average receipts per passenger per mile (cents)	3.0
Total passenger train service revenue	1,013,072.5
Passenger service train revenue per mile	1,710.4

Freight Traffic

Number of tons carried earning revenue	5,756,558
Number of tons carried earning revenue one mile	1,019,486,000
Number of tons carried earning revenue one mile per mile of road	1,721,232
Average distance haul of one ton (miles)	177.1
Total Freight revenue	15,083,558.92
Average amount received for each ton	2.62
Average amount received per ton per mile (cents)	1.48
Freight revenue per mile of road	25,427.10
Freight revenue per train mile	19.23

Bus Traffic

Number of passengers carried earning revenue	158,673
Total passenger revenue	685,477.11
Average receipts per passenger per mile (cents)	53.0
Average amount received per passenger	4.32
Total passenger bus service revenue	775,285.32
Bus service revenue per mile	59.9
Total passenger service bus expenses	635,468.96
Total passenger service bus expenses per mile (cents)	49.1
Total bus mileage operated 1969	1,293,447

Total Traffic

Operating revenue	25,515,126.93
Operating revenue per mile of road	43,078.05
Operating revenue per train mile	23.61
Operating expenses	21,937,601.38
Operating expenses per mile of road	37,037.99
Operating expense per train mile	20.30
Net operating revenue	3,577,525.55
Net operating revenue per mile of road	6,040.06

Car Mileage

Average number of passengers carried one mile per car mile	14.08
Average number of passengers carried one mile per train mile	104.6
Average number of passenger cars per train mile	12.3
Mileage of passenger cars	2,201,665
Mileage of loaded freight cars	18,099,156
Mileage of empty freight cars	15,722,179
Average number of freight cars per train mile	43.13
Average number of loaded freight cars per train mile	23.08
Average number of empty freight cars per train mile	20.05
Average number of tons of freight per train mile	1,300
Average number of tons of freight per loaded car mile	56.33
Average number of miles operated during year	592.3

Train Mileage

Mileage of revenue passenger trains	296,360
Mileage of revenue freight trains	784,237
Total revenue train mileage	1,080,597

Details of Railway Equipment

	Dec. 31 1968	Additions	Retirements	Dec. 31 1969
Locomotives				
Freight—Steam	0	—	—	0
Diesel—Yard Switcher	4	—	—	4
Diesel Road Switcher.	19	—	2	17
Road "A" Units	20	—	—	20
	43	—	2	41
Passenger Equipment				
First Class	26	—	2	24
Combination	5	—	1	4
Restaurant	1	—	—	1
Lunch First Class	2	—	—	2
Mail and Express	17	—	—	17
Box Baggage	2	—	—	2
	53	—	3	50
Freight Revenue Equipment				
Box	907	—	—	907
Flat	109	—	9	100
Hopper	97	—	—	97
Covered Hopper	35	—	—	35
Gondola	100	—	—	100
	1,248	—	9	1,239
Cabooses	27	—	—	27
Steam Generator Cars	1	—	—	1
Work Equipment				
Business Cars	3	—	—	3
All other cars in Railway Service	202	21	11	212
	205	21	11	215
Total of All Equipment	1,577	21	25	1,573
Highway Equipment				
Bus	11	4	2	13
Trucks	25	9	1	33
Trailers	5	—	3	2
Station Wagons.	4	—	1	3
Sedans	3	—	—	3
Transoline 7 Passenger Bus	2	—	—	2
Portable Piggy Back Ramps	2	—	—	2
	52	13	7	58

Miles of Track Operated

At close of fiscal year December 31, 1969

	Miles
Main Line	
North Bay to Timmins	257.20
Prquis to Cochrane	28.20
Cochrane to Moosonee	<u>186.20</u> 471.60
Branch Lines	
Elton to Elk Lake	28.50
Vish to Iroquois Falls	6.20
Sastika Junction to Noranda	60.00
Aams Junction to Dead End	4.80
Serman Mine Spur	4.16
Tkas Gulf Sulphur Spur	<u>17.05</u> 120.71
Other Tracks	
Y'd Tracks and Sidings	108.71
Pblic Tracks	16.84
Under private Siding Agreement	13.12
Rented Outright by the Industry	<u>14.51</u> 153.18
	<u><u>745.49</u></u>

Star Transfer Limited

Report of Audit

for the year
ended December 31, 1969

Board of Directors

W. A. Johnston, M.P.P., President, South River

K. Passmore, Vice President and Managing Director, Timmins

E. A. Frith, Vice President, North Bay

C. P. Girdwood, Director, South Porcupine

W. R. Thompson, Director, Swastika

J. A. Kennedy, Director, North Bay

M. A. Palangio, Director, Cochrane

G. H. Stanley, Treasurer, Timmins

T. G. Farmer, Secretary, North Bay

Star Transfer Limited

(Incorporated under the laws of Ontario as a Private Company)

Balance Sheet

as at December 31, 1969 (with comparative figures for 1968)

ASSETS

	December 31, 1969	December 1968
	\$	\$
Current		
Cash (including deposit receipts)	422,297.75	142,230
Accounts receivable	394,167.48	382,328
Less: Allowance for doubtful accounts	10,500.00	10,500
	<u>383,667.48</u>	<u>371,828</u>
Prepaid expenses and deposits	16,660.76	16,621
Motor vehicle self-insurance fund		
Cash on deposit	15,675.67	36,694
Guaranteed Investment Certificate due October 31, 1970, at cost	40,000.00	—
Accrued interest	681.54	—
	<u>56,357.21</u>	<u>36,694</u>
Fixed—at cost		
Land	93,970.91	93,970
Buildings	625,662.65	605,971
Less: Accumulated depreciation	204,698.78	182,749
	<u>420,963.87</u>	<u>423,222</u>
Trucks, trailers and automobiles	2,036,555.92	1,928,230
Less: Accumulated depreciation	1,518,319.69	1,351,374
	<u>518,236.23</u>	<u>576,856</u>
Equipment, furniture and fixtures	149,956.52	136,348
Less: Accumulated depreciation	98,107.27	84,827
	<u>51,849.25</u>	<u>51,521</u>
	<u>1,085,020.26</u>	<u>1,145,570</u>
Truck franchise	187,760.42	187,760
	<u>2,151,763.88</u>	<u>1,900,705</u>

Approved on behalf of the Board,

W. A. Johnston—President

Ken Passmore—Director

Toronto, March 18, 1970

LIABILITIES

	December 31, 1969	December 31, 1968
	\$	\$
Current		
Accounts payable and accrued expenses	185,096.82	159,232.23
Receiver General re employees' payroll deductions	26,386.69	19,602.10
Accrued wages	51,876.67	41,933.70
Dividends payable	<u>140,120.00</u>	<u>35,030.00</u>
	403,480.18	255,798.03
Reserve for motor vehicle self-insurance	56,357.21	36,694.03
Capital and Retained Income		
Capital Stock		
Preferrance		
% non-cumulative, redeemable, par value \$100.00 each		
Authorized, 443 shares		
Issued and fully paid, 395 shares	39,500.00	39,500.00
Common		
Par value \$100.00 each		
Authorized, 200 shares		
Issued and fully paid, 145 shares	14,500.00	14,500.00
	54,000.00	54,000.00
Contributed surplus	4,200.00	4,200.00
Retained income	1,633,726.49	1,550,013.74
	<u>1,691,926.49</u>	<u>1,608,213.74</u>
	<u>2,151,763.88</u>	<u>1,900,705.80</u>

AUDITOR'S REPORT

To the Shareholders,
Star Transfer Limited,
Timmins, Ontario.

I have examined the balance sheet of Star Transfer Limited as at December 31, 1969 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George H. Spence, F.C.A.
Provincial Auditor

Toronto, Ontario,
March 18, 1970.

Statement of Income

for the year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
	\$	\$
Revenue—		
Transport trucking	3,654,180.53	3,346,383.
Commissions earned	8,304.23	6,744.
Cold storage	1,057.38	1,732.
Heating and icing	27,064.96	18,957.
Rentals	845.00	400.
Miscellaneous	24,982.52	14,221.
	<u>3,716,434.62</u>	<u>3,388,438.</u>
Expenses—		
Damages	34,600.16	30,835.
Provision for depreciation—		
Buildings	21,949.33	22,080.
Equipment	13,280.21	13,304.
Trucks, trailers and automobiles	222,101.24	247,223.
	<u>257,330.78</u>	<u>282,608.</u>
Employees' pension fund	26,594.24	25,694.8
Gasoline, oil and diesel fuel	416,640.74	430,752.
Garage supplies	7,772.90	8,145.
Garage salaries and wages	178,445.66	153,821.
Heating and icing	4,966.12	4,313.
Loading and stowing	9,283.10	5,723.6
Trip expense	5,885.28	4,884.9
Purchased transportation	47,136.12	11,278.0
Insurance	72,988.02	58,991.8
Licenses	104,118.14	94,309.3
Light, heat, power and water	17,663.67	14,132.8
Maintenance—		
Buildings	20,096.69	17,804.1
Equipment	6,360.17	4,060.3
Yard	2,788.09	3,250.3
	<u>29,244.95</u>	<u>25,114.8</u>

Statement of Income (Continued)

	1969	1968
	\$	\$
Miscellaneous	2,619.47	2,318.75
Municipal taxes	28,726.30	25,003.10
Radio telephone expense	961.64	1,122.17
Rent	11,000.12	12,417.40
Joint terminal expense	19,752.00	—
Repairs to trucks and trailers	275,725.10	257,665.49
Tires and tubes	106,679.45	107,578.00
Employment insurance	15,572.42	12,776.07
Vacation pay	71,005.81	54,289.31
Wages	1,227,777.43	1,095,476.52
Welfare payments under agreement	55,020.45	37,921.00
Workers' compensation	36,004.88	34,467.02
Security guards and watchmen's wages	19,034.00	17,418.69
Administrative expenses, per statement attached	421,533.83	400,542.37
	<u>3,504,082.78</u>	<u>3,209,602.98</u>
Net profit for the year	<u>212,351.84</u>	<u>178,836.00</u>

Statement of Administrative Expenses

for the year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
	\$	\$
Advertising	13,050.16	12,431.88
Association dues	4,682.20	7,368.34
Provision for doubtful accounts	3,762.06	1,208.19
Bak charges and interest	2,212.03	2,331.47
Legal and audit fees	11,733.43	8,625.02
License expense—franchises	380.00	581.57
Office and general	20,128.07	15,976.31
Salaries	297,592.53	282,598.46
Porage	3,222.27	2,898.95
Sasmen's expenses	4,305.63	4,989.47
Telephone, telegraph and teletype	26,006.71	25,792.99
Trelling	8,675.73	8,606.35
Dcations	2,225.00	2,210.00
Grp insurance	12,900.67	12,816.05
Employees' pension plan	8,410.10	8,310.80
Tric department—stationery	2,247.24	3,796.52
	<u>421,533.83</u>	<u>400,542.37</u>

Statement of Retained Income

for the year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
	\$	\$
Balance at beginning of period	1,550,013.74	1,435,134.3
Add:		
Net profit for the period	212,351.84	178,836.0
Bad debts recovered	317.90	255.0
Profit on disposal of fixed assets	11,163.01	5,848.0
	<hr/> 223,832.75	<hr/> 184,939.0
	1,773,846.49	1,620,073.0
Deduct:		
Dividends declared—*		
On preference shares	2,370.00	1,185.0
On common shares	<hr/> 137,750.00	<hr/> 68,875.0
	<hr/> 140,120.00	<hr/> 70,060.0
Balance at end of period	<hr/> <hr/> 1,633,726.49	<hr/> <hr/> 1,550,013.3

*Dividends declared :

Preference Shares—

1969 \$6.00 per share
1968 \$3.00 per share

Common Shares—

1969 \$950.00 per share
1968 \$475.00 per share

Statement of Contributed Surplus

for the year ended December 31, 1969

	\$
Balance December 31, 1969	<u>4,200.00</u>
No change during 1969)	

Statement of Source and Application of Funds

for the year ended December 31, 1969

Source of Funds:

	\$
Net income for the year	212,351.84
Provision for depreciation (not requiring an outlay of funds)	257,330.78
Proceeds from sale of fixed assets	15,943.73
Bill debts recovered	317.90
	<u>485,944.25</u>

Application of Funds:

Deposits	200.00
Additions to fixed assets	201,560.82
Dividends declared	140,120.00
Increase in working capital	144,063.43
	<u>485,944.25</u>



One of Star Transfer Limited modern fleet of trucks

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PROVINCE OF ONTARIO

Honourable William G. Davis, Q.C.
Prime Minister

Honourable Leo Bernier, Minister
Department of Mines and Northern Affairs

70TH ANNUAL REPORT
of the

Ontario Northland Transportation Commission

for the year ended December 31, 1970





MINISTER OF MINES AND NORTHERN AFFAIRS

The Honourable W. Ross Macdonald,
PC., CD., QC., LLD.,
Lieutenant Governor of the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

I beg leave to present the 70th annual report of
the Ontario Northland Transportation Com-
mission for the year ending December 31, 1970.

Respectfully submitted,

Leo Bernier
Minister.

April 15, 1971.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Honourable Leo Bernier,
Minister of Mines and Northern Affairs,
Parliament Buildings,
Toronto, Ontario.

Sir:

I beg to submit the Annual Report for the year 1970 of Ontario Northland Transportation Commission, and I have the honour to be, Sir,

Yours faithfully,

W. A. Johnston, M.P.P.
Chairman

April 15, 1971.

W. A. Johnston, M.P.P., Chairman, South River

W. R. Thompson, Industrial Commissioner, Swastika

J. A. Kennedy, Commissioner, North Bay

C. P. Girdwood, Commissioner, South Porcupine

M. A. Palangio, Commissioner, Cochrane

T. G. Farmer, Q.C., Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay

F. S. Clifford, Manager of Rail Services, North Bay

J. S. Cooper, Chief Engineer, North Bay

D. E. MacDougall, Director of Finance, North Bay

L. K. Smiley, Manager of Communications, North Bay

K. Passmore, Manager of Road Transport Services, Timmins

North Bay, Ontario,
April 15, 1971.

Mr. W. A. Johnston,
Chairman.

The following report of operations for the year ended December 31, 1970 is respectfully submitted:

Earnings and Expenses:

Rail, Communications and Miscellaneous Operations:

	1970	1969	Increase (Decrease)
Total Revenue	27,413,567	25,515,127	1,898,440
Total Expense	27,219,332	25,045,125	2,174,207
Net Earnings	194,235	470,002	(275,767)
<i>Star Transfer Limited</i>			
Total Revenue	3,736,160	3,716,435	19,725
Total Expense	3,603,277	3,504,083	99,194
Net Earnings	132,883	212,352	(79,469)
<i>Net Position, All Operations</i>			
	327,118	682,354	(355,236)
Number of Employees	1,762	1,817	(55)
Total Payroll	13,304,423	12,701,481	602,942

The net profit of the Commission was \$327,118 or \$355,236 less than the previous year.

The total gross revenue from all operations of the Commission (including Star Transfer) during 1970 reached a record level of \$31,149,727, up 6.56% from \$29,231,562 in 1969. Additional pulpwood and newsprint loadings, the movement of Bunker "C" fuel oil to Noranda and an increased number of long distance telephone calls were main reasons for increase in revenue.

Expenses increased by \$2,273,401 or 7.96%, mainly due to wage increases, rental of additional freight cars and increased finance costs.

Included in the expenses, as in previous years, is a special payment of \$1,432,324 to the Employees Contributory Pension Fund. Part of this payment is to be applied to the Unfunded Liability of the Fund.

Communications

Growth in the Communications Department continued in 1970 with an overall increase of approximately 10% in revenue and a 6.86% increase in net return. This growth was principally due to increased long distance calling; in addition more requirements for broader customized service for business organizations accounted for increased returns.

The installation of a new dial exchange at Temagami was completed in 1970. This will upgrade the service and take care of customer requirements in the future.

A major program has been started to provide direct distance dialing throughout most of the area. This service will make it possible for telephone subscribers to dial station to station to most other locations on the telephone system without the aid of an operator.

The Commission, as a Canadian carrier,

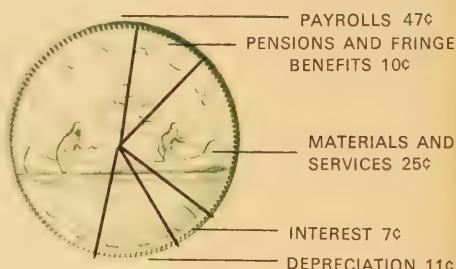


THE RAILWAY'S DOLLAR—1970

Where it came from



Where it went



CARLOAD FREIGHT REVENUE

in millions of dollars

15

- OVERHEAD
- LOCAL
- FORWARDED
- RECEIVED

10

5

0

1965

1966

1967

1968

1969

1970

became a shareholder of Telesat Canada. This is Canada's national communication satellite, the ownership of which is to be shared by the major Canadian communication carriers, the Federal Government and eventually the public.

Express Freight

Revenue from Express Freight operations increased by \$82,807 or 7.02% over 1969 revenue.

A second side-transfer container trailer was purchased to handle container loads of express freight traffic via highway to ensure the best possible service for this traffic. These trailers can be used to handle container loads of freight direct from the rail cars to customers' warehouse without transhipping the contents.

Express Freight has a fleet of 18 pickup and delivery trucks, four of which were replaced in 1970.

Express Freight Rates between stations on the Ontario Northland remained 15% lower than those charged by other railways for the same service. This is in line with Commission policy to assist industry located along the Ontario Northland.

Bus Parcel Express gross revenue increased from \$85,211.28 in 1969 to \$150,845.00 in 1970.

Capital Expenditures

During 1970 \$3,224,787 was spent on new facilities. The major projects were:	
14 miles of new 115 lb. rail	\$883,200
30 miles of rock ballast . . .	227,800
30,000 creosoted ties. . . .	197,200
Hot Box Detection	
Equipment	108,200
Upgrading Box Cars	80,600
Conversion of Coaches to	
Coach Lounge Cars . . .	123,400
Temagami Dial Exchange .	177,700

Passenger Services—Rail and Bus

Railway passenger service decreased by 9.97%.

Revenue from bus service increased by 12.1%. Bus charter business increased considerably without requiring the purchase of additional busses.

Tourism

The popularity of the excursion train inaugurated by the Commission in 1964 as an experiment continued to increase and in 1970 service was maintained on a three-day per week operation. Eight mechanical air conditioned coaches were added to this service. The Polar Bear Express is now equipped with 14 coaches completely air conditioned for the comfort of the passengers. Over 17,500 passengers were carried on the Tuesday, Thursday and Sunday Polar Bear Express train from Cochrane to Moosonee during the period June 14th to September 13th. The impact of the excursion train as projected by the Commission has met all expectations. All levels of economy in northeastern Ontario have greatly benefited by this tourist attraction. The Commission's Lodge at Moosonee, which has modern dining facilities and 38 rooms, has continued to operate at near capacity, particularly during the summer months.

The Hannah Bay Goose Camp which is located 45 air miles east of Moosonee on the bank of the Harricanaw River, again provided a very successful shoot for the 165 hunters who attended.

Although 10,400 passengers were carried on the Chief Commanda on Lake Nipissing, the facility continued to operate with a deficit. The Commission continues this operation because of its importance as a tourist attraction for the Province and the North Bay area.

Labour-Management Relations

The Commission has collective agreements with 12 labour organizations representing a large majority of the employees. Most of these agreements expired in 1970 and at the year end negotiations were in



Ontario Northland Transportation Commission



Data Processing Centre at Head Office, North Bay.



Unit Train Leaving Sherman Mine, Temagami, Ontario.



Modern Communications Tower.



One of Ontario Northland's 10 Modern Highway Coaches



Moosonee Lodge.

progress toward a renewal of the various contracts.

During the course of the year numerous discussions took place between the individual unions and supervisory personnel at all levels. In addition, following a practice which was established many years ago, larger meetings were convened on a regular basis and attended by representatives of all labour organizations. These occasions provide an excellent forum for discussion of matters of general interest and continue to be of real value to both the employees and the management of Ontario Northland.

Safety and Employee Welfare

More than 700 employees received an 8 hour St. John's Ambulance course in fundamental first aid.

A safety shoe subsidy (\$5.00 per employee per year) was introduced July 1, 1970 by the Commission in an effort to reduce foot injuries.

The industrial eye protection program was expanded to include employees who previously had not qualified.

A large number of improvements in working conditions were brought about by the active interest of various employee safety committees.

The increase in Workmen's Compensation Board payments can, in part, be attributed to the Board's policy of terminating, by means of cash settlements, compensation payments associated with accidents prior to 1970.

Ontario Northland's policy on alcoholism, which was adopted in 1969, continued through the year with satisfactory results. With this policy the misuse of alcohol is considered as an illness and a public health problem. Any employee concerned with this problem is encouraged to seek adequate medical investigation and advice in order that he or she may return to good health. Sickness disability

benefits are available for these cases as they are for other illnesses.

Star Transfer Limited

Star Transfer Limited, in spite of the general economic situation within the trucking industry, paid a dividend of \$70,060.00 in 1970 making a total of \$757,775 paid since the Commission acquired Star in July 1960.

During 1970 Star inaugurated a tri-weekly service between Sudbury and northeastern Ontario via Highways 144 and 101.

Revenues were fractionally above those of 1969 but because of rising operating costs, in particular labour, Star profit was reduced by 37.42 percent. While revenues in 1971 are expected to equal those of 1970, the Company is facing an increase in labour costs with negotiations in September 1971 for a new contract.

Southbound revenues were somewhat lower in 1970 caused by the softening of the newsprint and lumber markets, coupled with strikes in industries affecting the Star operation.

Outlook

All indications point to substantial growth in Ontario Northland operations in the years ahead. Ambitious expansion plans along Ontario Northland's route, highlighted by the construction of a smelter at Timmins, are dependent upon Ontario Northland services.

During the past year the Commission, in its operations, has continued to contribute to and encourage economic growth in the area it serves. The success of these operations is due to the loyal participation of all its employees which is gratefully acknowledged.

Yours very truly,
E. A. Frith,
General Manager



Ontario Northland Transportation Commission

Balance Sheet

As at December 31, 1970 with Comparative Figures for 1969

ASSETS	1970	1969
Current Assets		
Cash	\$ 2,030.00	\$ 98,790.98
Agents' Balances	2,654,420.77	2,708,657.09
Accounts Receivable	852,362.98	745,310.97
Material and Supplies	2,314,834.32	2,173,145.91
Prepaid Insurance	31,694.20	52,823.67
	<u>5,855,342.27</u>	<u>5,778,728.62</u>
Deferred Charges and Other Assets		
Insurance and Other Funds (Market Value December 31, 1970, \$401,048)	430,280.91	406,594.71
Bus Franchises	122,122.10	122,122.10
Discount and Expenses re Debenture Loan	10,196.35	16,314.07
Deposits	20,000.00	15,000.00
Investment in Telesat Canada	50,000.00	—
Miscellaneous	42,535.60	14,929.18
	<u>675,134.96</u>	<u>574,960.06</u>
Investment in Wholly Owned Subsidiary		
Star Transfer Limited	691,800.21	691,800.21
Investment in Property		
Road-Main Line and Branches	81,061,766.01	78,984,378.28
-Improvements-Leased Lines	5,197,455.01	5,098,714.69
-Wholly Owned Subsidiary-		
Nipissing Central Railway	4,268,987.29	4,268,987.29
Equipment-Rail and Highway	24,193,112.42	24,654,129.16
-Boat	215,216.19	214,395.73
Miscellaneous	366,764.52	349,923.95
	<u>115,303,301.44</u>	<u>113,570,529.10</u>
Less: Accumulated Depreciation	35,285,591.87	33,535,446.46
	<u>80,017,709.57</u>	<u>80,035,082.64</u>
Contributory Pension Fund Held in Trust		
(Market Value December 31, 1970, \$15,282,156)	16,674,712.00	14,610,724.17
	<u>\$103,914,699.01</u>	<u>\$101,691,295.70</u>

W. A. Johnston, Chairman.

D. E. MacDougall, Director of Finance.

The comments in the report attached are an integral part of this balance sheet.

LIABILITIES	1970	1969
Current Liabilities		
Bank Overdraft	\$ 5,992.65	\$ —
Demand Loans—Guaranteed by Province of Ontario	10,000,000.00	10,000,000.00
—Province of Ontario	12,000,000.00	12,000,000.00
Accounts Payable	1,881,681.95	1,904,564.87
Traffic Balances	3,197,431.29	2,838,245.51
Debenture Maturing in 1971	500,000.00	500,000.00
Accrued Interest.	251,112.28	154,850.94
Deposits.	310.00	600.00
	27,836,528.17	27,398,261.32
Deferred Credits and Reserves		
Deferred Rental Revenue	270,427.77	358,453.78
Insurance and Other Funds Reserve	430,280.91	406,594.71
Capital Reserve	6,312.36	—
	707,021.04	765,048.49
Long Term Liabilities		
Debentures—Guaranteed by Province of		
Ontario: 5%—1972	500,000.00	1,000,000.00
Loan from Province of Ontario, Non-Interest Bearing	30,207,934.92	30,207,934.92
	30,707,934.92	31,207,934.92
Contributory Pension Fund Held in Trust (Contra)	16,674,712.00	14,610,724.17
Retained Income	27,988,502.88	27,709,326.80
	\$103,914,699.01	\$101,691,295.70

AUDITOR'S REPORT

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1970 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Commission as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, March 16, 1971.

George H. Spence, F.C.A.
Provincial Auditor



Ontario Northland Transportation Commission

Statement of Retained Income

for the year ended December 31, 1970

Balance December 31, 1969	\$27,709,326.80
Add:	
Net Profit for year ended December 31, 1970	\$ 264,295.10
Profit on Sale of Property	10,517.00
Vouchers and Wages Written Off	4,757.60
	<hr/>
	279,569.70
	<hr/>
Deduct:	
Uncollectible Accounts	393.62
Balance December 31, 1970	<hr/> \$27,988,502.88

Statement of Source and Application of Funds

for the year ended December 31, 1970

Source of Funds:

Net Profit for the year	\$ 264,295.10
Add : Charges to Operations not Requiring an Outlay of Funds	
Provision for Depreciation	2,959,129.40
Amortization of Discount on Debentures.	6,117.72
Loss on Disposal of Assets—Net.	<u>55,661.67</u>
	\$3,285,203.89
Decrease in Working Capital	361,653.20
Profit on Sale of Property	<u>10,517.00</u>
	<u><u>\$3,657,374.09</u></u>

Application of Funds:

Additions to Fixed Assets	\$3,224,787.19
Less : Recovery on Retirements	<u>227,369.19</u>
Investment in Telesat Canada.	\$2,997,418.00
Reduction in Long Term Liabilities—	50,000.00
Transferred to Current Liabilities.	500,000.00
Deferred Rental Revenue	88,026.01
Miscellaneous Items—Net	<u>21,930.08</u>
	<u><u>\$3,657,374.09</u></u>

**Statement of Income**

for the year ended December 31, 1970 with comparative figures for 1969

	Year ended December 31, 1970	Year ended December 31, 1969
Railway Operating Revenue (for details see Schedule A attached)		
Freight Services	\$16,453,266.62	\$15,269,366.51
Passenger Services	925,697.88	1,028,184.63
Express	1,262,027.77	1,179,220.80
Communications (Commercial)	6,870,368.51	6,255,414.61
All Other	1,902,206.65	1,782,940.38
Total Operating Revenue	<u>27,413,567.43</u>	<u>25,515,126.93</u>
Railway Operating Expense (for details see Schedule B attached)		
Road Maintenance	4,628,875.70	4,470,479.43
Equipment Maintenance	3,896,065.96	3,839,823.81
Traffic	296,223.40	279,052.14
Transportation	5,263,356.55	4,911,980.75
Express Freight	1,035,840.45	1,029,190.79
Miscellaneous Operations	328,753.88	329,692.90
Communications (Commercial)	4,659,544.62	4,186,572.71
General	1,659,823.64	1,576,278.73
Other-Bus, Boat Line, Hotel	1,000,868.51	859,612.51
Total Operating Expense	<u>22,769,352.71</u>	<u>21,482,683.77</u>
Net Revenue from Railway Operations	<u>\$ 4,644,214.72</u>	<u>\$ 4,032,443.16</u>
Taxes and Rents		
Railway Tax Accruals	\$ 157,620.06	\$ 149,220.73
Equipment Rents	963,012.67	365,057.25
Joint Facility Rents	(49,728.00)	(44,347.13)
Total Taxes and Rents	<u>1,070,904.73</u>	<u>469,930.85</u>
Net Railway Operating Surplus	<u>3,573,309.99</u>	<u>3,562,512.31</u>
Other Income		
Dividends—Star Transfer Limited	70,060.00	140,120.00
Other Income Charges	(89,130.42)	(86,725.35)
Total Other Income	(19,070.42)	53,394.65
Surplus before Fixed Charges	<u>3,554,239.57</u>	<u>3,615,906.96</u>
Fixed Charges		
Interest on Funded Debt	76,666.68	464,791.68
Interest on Unfunded Debt	1,774,836.07	1,091,629.62
Discount and Expenses re Debenture Loan	6,117.72	17,039.31
Payment towards the Unfunded Liability and Experience		
Deficiency of Contributory Pension Fund	1,432,324.00	1,432,324.00
Total Fixed Charges	<u>3,289,944.47</u>	<u>3,005,784.61</u>
Net Profit carried to Retained Income	<u>\$ 264,295.10</u>	<u>\$ 610,122.35</u>

Details of Operating Revenue

for the year ended December 31, 1970 with comparative figures for 1969

Schedule A

	Year ended December 31, 1970	Year ended December 31, 1969
Freight Services		
Freight	\$16,323,163.02	\$15,180,855.58
Switching	17,871.10	17,855.69
Demurrage.	110,791.94	70,164.79
Storage	1,440.56	490.45
Total	<u>16,453,266.62</u>	<u>15,269,366.51</u>
Passenger Services		
Passenger	783,620.86	895,750.78
Dining and Buffet Service	113,267.36	111,092.73
News Service and Restaurants	21,296.34	15,112.12
Station, Train and Boat Privileges	1,602.46	1,451.44
Baggage, Transportation and Storage	5,910.86	4,777.56
Total	<u>925,697.88</u>	<u>1,028,184.63</u>
Express		
Express	1,262,027.77	1,179,220.80
Communications (Commercial)		
Telegraph	350,255.92	317,955.29
Telephone	6,520,112.59	5,937,459.32
Total	<u>6,870,368.51</u>	<u>6,255,414.61</u>
All Other		
Mail	12,615.89	12,346.10
Bus.	869,562.39	775,285.32
Boat Line	68,749.77	65,277.68
Hotel	183,415.42	176,103.50
Power and Water	172,613.03	147,848.27
Rent—Buildings and Other Property	555,669.22	565,551.84
Miscellaneous	39,580.93	40,527.67
Total	<u>1,902,206.65</u>	<u>1,782,940.38</u>
Total Operating Revenue	<u><u>\$27,413,567.43</u></u>	<u><u>\$25,515,126.93</u></u>

**Details of Operating Expense**

for the year ended December 31, 1970 with comparative figures for 1969

Schedule B

	Year Ended December 31, 1970	Year Ended December 31, 1969
Road Maintenance		
<i>Superintendence</i>	<u>\$ 203,974.14</u>	<u>\$ 169,513.64</u>
<i>Track and Roadway</i>		
Track and Roadway Maintenance	1,849,966.79	1,795,028.80
Ties	6,790.94	4,690.31
Rails	1,485.32	(15,715.72)
Other Track Material	15,329.27	45,976.31
Ballast	(422.10)	442.75
Fences, Snowsheds and Signs	15,240.66	17,566.98
Small Tools and Supplies	95,665.32	84,568.34
Removing Snow, Ice and Sand	167,736.60	180,149.17
Total	<u>2,151,792.80</u>	<u>2,112,706.94</u>
<i>Bridges and Structures</i>		
Tunnels, Bridges and Culverts	113,977.19	100,583.02
Station and Office Buildings	129,069.71	111,100.29
Roadway Buildings	53,190.56	53,299.44
Water and Fuel Stations	10,515.88	8,567.08
Shops and Enginehouses	110,455.23	88,211.34
Power Plant Systems	11,974.05	8,610.06
Other Structures.	173.51	191.26
Total	<u>429,356.13</u>	<u>370,562.49</u>
<i>Railway Communications and Signal Systems</i>		
Communications (Rail)	45,007.93	45,007.85
Signals	178,847.07	168,133.11
Total	<u>223,855.00</u>	<u>213,140.96</u>
<i>Miscellaneous</i>		
Public Improvements	—	1,042.45
Roadway Machines	153,221.75	170,451.38
Injuries to Persons	62,102.88	50,136.63
Insurance	11,327.55	19,908.19
Stationery	5,735.76	5,242.01
Other Expenses	88,800.87	81,776.85
Total	<u>321,188.81</u>	<u>328,557.51</u>
<i>Depreciation and Retirement</i>		
Road and Property Depreciation	1,348,680.00	1,325,712.00
Dismantling Retired Road Property	9,325.37	11,854.74
Total	<u>1,358,005.37</u>	<u>1,337,566.74</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	(59,296.55)	(61,568.85)
Total Road Maintenance	<u>\$ 4,628,875.70</u>	<u>\$ 4,470,479.43</u>

	Year Ended December 31, 1970	Year Ended December 31, 1969
Equipment Maintenance		
Superintendence	\$ 145,609.52	\$ 150,368.84
<i>Machinery</i>		
Shop and Powerhouse Machinery	110,263.20	73,308.28
<i>Equipment</i>		
Diesel Locomotives	1,255,456.74	1,187,288.07
Freight Train Cars	1,011,883.14	1,002,506.04
Passenger Train Cars	347,662.26	380,544.25
Work Equipment	82,379.04	168,823.16
Other Equipment	(621.42)	1,207.33
Total	2,696,759.76	2,740,368.85
<i>Miscellaneous</i>		
Injuries to Persons	51,410.37	27,156.99
Insurance	319.85	28,334.00
Stationery	9,173.06	9,010.73
Other Expenses	87,426.12	—
Total	148,329.40	64,501.72
<i>Depreciation and Retirements</i>		
Other Equipment and Machinery Depreciation	45,016.67	41,244.64
Dismantling Retired Equipment	1,630.91	6,784.44
Rolling Stock Depreciation	755,688.00	767,319.02
Total	802,335.58	815,348.10
<i>Joint Facilities</i>		
Maintaining Joint Facilities	(7,231.50)	(4,071.98)
Total Equipment Maintenance	\$ 3,896,065.96	\$ 3,839,823.81
Traffic		
Superintendence	\$ 114,801.44	\$ 117,022.43
Agencies	112,527.01	95,894.09
Advertising	5,510.41	3,067.25
Associations	7,276.27	6,922.72
Industrial Bureaus	35,664.16	35,677.83
Stationery	16,935.94	17,281.86
Other Expenses	3,508.17	3,185.96
Total Traffic	\$ 296,223.40	\$ 279,052.14



Details of Operating Expense

for the year ended December 31, 1970 with comparative figures for 1969

Schedule B continued

	Year Ended December 31, 1970	Year Ended December 31, 1969
Transportation		
<i>Supervision</i>		
Superintendence	\$ 252,461.69	\$ 228,904.18
Dispatching	141,949.37	129,713.16
Total	<u>394,411.06</u>	<u>358,617.34</u>
<i>Station Services</i>		
Station Employees	552,746.49	572,722.58
Weighing, Inspection and Demurrage	6,622.35	6,138.55
Station Expense	122,502.77	104,919.58
Total	<u>681,871.61</u>	<u>683,780.71</u>
<i>Yard Services</i>		
Yardmasters and Clerks	365,068.37	334,166.93
Yard Trainmen	362,461.07	334,700.83
Yard Switchmen	12,238.52	10,248.10
Yard Enginemen	153,980.88	141,812.63
Yard Locomotive Fuel and Power	30,407.40	30,416.79
Yard Locomotive Water	236.96	248.36
Yard Locomotive Other Supplies	2,063.18	2,664.17
Yard Enginehouse Expense	1,019.45	654.65
Yard Other Expenses	14,353.27	14,881.66
Total	<u>941,829.10</u>	<u>869,794.12</u>
<i>Train Operations</i>		
Train Enginemen	567,603.29	550,705.39
Train Locomotive Fuel and Power	661,194.05	645,078.33
Train Locomotive Water	5,004.34	6,410.90
Train Locomotive Other Supplies	52,507.97	44,235.00
Train Enginehouse Expense	326,968.94	310,429.91
Trainmen	869,072.45	862,134.92
Train Other Expenses	621,487.86	599,509.12
Total	<u>3,103,838.90</u>	<u>3,018,503.57</u>
<i>Miscellaneous</i>		
Insurance	(360.00)	360.00
Signal Operations	2,868.92	1,336.09
Crossing Protection	820.47	658.10
Stationery	38,128.99	40,284.73
Other Expenses	72,860.09	66,106.28
Total	<u>114,318.47</u>	<u>108,745.20</u>
<i>Casualty Costs</i>		
Clearing Wrecks	142,123.93	45,899.03
Damage to Property	350.00	6,834.25
Loss and Damage—Freight	150,973.86	77,415.97
—Baggage	197.85	236.00
Injuries to Persons	61,625.76	52,938.46
Total	<u>355,271.40</u>	<u>183,323.71</u>
<i>Joint Facilities</i>		
Operating Joint Yards and Terminals	(328,183.99)	(310,783.90)
Total Transportation	<u>\$ 5,263,356.55</u>	<u>\$ 4,911,980.75</u>

	Year Ended December 31, 1970	Year Ended December 31, 1969
Express Freight		
Superintendence	\$ 37,188.28	\$ 34,226.29
<i>Station Services</i>		
Express Freight Employees	677,028.39	643,250.98
Freight Shed Expense	115,600.80	156,195.67
Trainmen	1,368.50	1,087.19
Other Expenses—Train	120,597.70	122,599.32
Stationery	24,362.05	15,585.25
Other Expenses	20,881.37	19,041.02
Loss and Damage—Express Freight	34,313.10	32,546.85
Injuries to Persons	4,500.26	4,658.22
Total	<u>998,652.17</u>	<u>994,964.50</u>
Total Express Freight	<u>\$ 1,035,840.45</u>	<u>\$1,029,190.79</u>
Miscellaneous Operations		
Dining and Buffet Service	\$ 145,437.82	\$ 158,036.87
News Service and Restaurant	32,339.46	20,956.04
Power	146,289.67	146,832.77
Water	4,686.93	3,867.22
Total Miscellaneous Operations	<u>\$ 328,753.88</u>	<u>\$ 329,692.90</u>
Communications (Commercial)		
Telegraph Maintenance	\$ 191,976.82	\$ 186,192.18
Telegraph Conducting Operations	92,169.29	91,260.74
Telegraph General	28,212.43	28,161.36
Telegraph Municipal Taxes	7,707.40	6,807.60
Telephone Maintenance	1,749,692.80	1,589,612.09
Telephone Conducting Operations	1,976,341.17	1,886,217.85
Telephone General	533,978.11	337,052.50
Telephone Municipal Taxes	79,466.60	61,268.39
Total Communications	<u>\$ 4,659,544.62</u>	<u>\$4,186,572.71</u>



Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1970 (with comparative figures for 1969)

	Year Ended December 31, 1970	Year Ended December 31, 1969
General		
General Officers	\$ 178,849.64	\$ 166,311.56
Clerks and Attendants	554,583.28	507,598.93
Office Expenses	85,996.49	85,429.37
Law Expense	31,518.69	26,574.64
Insurance	21,312.37	21,430.33
Pensions	652,538.33	606,310.23
Stationery	37,490.96	45,818.35
Other Expenses	140,056.35	158,830.59
Joint Facilities General	(42,522.47)	(42,025.27)
Total General	<u>\$ 1,659,823.64</u>	<u>\$ 1,576,278.73</u>
Other Operations		
Bus	\$ 764,183.27	\$ 635,468.96
Boat Line	92,060.36	81,025.06
Hotel	144,624.88	143,118.49
Total Other Operations	<u>\$ 1,000,868.51</u>	<u>\$ 859,612.51</u>
Total Operating Expense	<u><u>\$22,769,352.71</u></u>	<u><u>\$21,482,683.77</u></u>

Traffic and Mileage Statistics

for the year ended December 31, 1970

Passenger Traffic

Number of passengers carried earning revenue	171,369
Number of passengers carried one mile	308,230.00
Number of passengers carried one mile per mile of road	52,040
Average distance carried (miles)	179.9
Total Passenger Revenue	783,620.86
Amount received from each passenger	4.57
Average receipts per passenger per mile (cents)	2.55
Total passenger train service revenue.	925,697.88
Passenger train service revenue per mile	1,562.89

Freight Traffic

Number of tons carried earning revenue.	5,667,101
Number of tons carried earning revenue per mile	1,019,282,000
Number of tons carried earning revenue per mile of road	1,720,888
Average distance haul of one ton (miles)	179.8
Total Freight Revenue	16,323,163.02
Average amount received per each ton	2.88
Average amount received per ton per mile (cents)	1.60
Freight revenue per mile of road	27,558.95
Freight revenue per train mile.	21.48

Bus Traffic

Number of passengers carried earning revenue	162,284
Total passenger revenue.	719,168.13
Average receipt per passenger per mile (cents)	55.6
Average amount received per passenger	4.43
Total passenger bus service revenue	869,562.39
Bus service revenue per mile	67.3
Total passenger service bus expenses	764,183.27
Total passenger service bus expenses per mile (cents)	59.1
Total bus mileage operated 1970	1,292,895



Traffic and Mileage Statistics

for the year ended December 31, 1970

Total Traffic

Operating revenue	27,413,567.43
Operating revenue per mile of road	46,283.25
Operating revenue per train mile	25.69
Operating expenses	23,840,257.44
Operating expenses per mile of road	40,250.30
Operating expenses per train mile	22.35
Net operating revenue	3,573,309.99
Net operating revenue per mile of road	6,032.94

Car Mileage

Average number of passengers carried one mile per car mile	17.9
Average number of passengers carried one mile per train mile	100.4
Average number of passenger cars per train mile	10.3
Mileage of passenger cars	1,718,445
Mileage of loaded freight cars	18,653,626
Mileage of empty freight cars.	15,579,749
Average number of freight cars per train mile.	45.06
Average number of loaded freight cars per train mile	24.55
Average number of empty freight cars per train mile	20.51
Average number of tons of freight per train mile	1,342
Average number of tons of freight per loaded car mile	54.65
Average number of miles operated during year	592.3

Train Mileage

Mileage of revenue passenger trains	306,976
Mileage of revenue freight trains	759,831
Total revenue train mileage	1,066,807

Details of Railway Equipment

for the year ended December 31, 1970 (with comparative figures for 1969)

	Dec. 31 1969	Additions	Retirements	Dec. 31 1970
Locomotives				
Freight—Steam	0	—	—	0
Diesel—Yard Switcher	4	—	—	4
Diesel Road Switcher	19	—	2	17
Road "A" Units	20	—	—	20
	43	—	2	41
Passenger Equipment				
First Class	24	—	9	15
Combination	4	—	1	3
Restaurant	1	—	—	1
Lunch First Class	2	2	—	4
Mail and Express	17	—	3	14
Box Baggage	2	—	—	2
	50	2	13	39
Freight Revenue Equipment				
Box	907	—	41	866
Flat	100	2	—	102
Hopper	97	—	11	86
Covered Hopper.	35	—	—	35
Gondola.	100	—	—	100
	1,239	2	52	1,189
Caboose	27	—	8	19
Steam Generator Cars.	1	—	—	1
Work Equipment				
Business Cars.	3	—	—	3
All other cars in Railway Service	212	6	—	218
	215	6	—	221
Total of All Equipment	1,573	10	73	1,510
Highway Equipment				
Bus	13	1	—	14
Trucks	33	7	5	35
Trailers	2	—	—	2
Station Wagons	3	—	—	3
Sedans	3	—	—	3
Transoline 7 Passenger Bus	2	—	2	0
Portable Piggy Back Ramps	2	—	—	2
	58	8	7	59



Ontario Northland Transportation Commission

Miles of Track Operated

for the year ended December 31, 1970

	Miles
Main Line	
North Bay to Timmins	257.20
Porquis to Cochrane	28.20
Cochrane to Moosonee	<u>186.20</u>
	<u>471.60</u>
Branch Lines	
Earlton to Elk Lake	28.50
Welsh to Iroquois Falls	6.20
Swastika Junction to Noranda.	60.00
Adams Junction to Dead End	4.80
Sherman Mine Spur.	4.20
Texas Gulf Sulphur Spur	<u>17.00</u>
	<u>120.70</u>
Other Tracks	
Yard Tracks and Sidings	117.2
Public Tracks	16.48
Under private Siding Agreement	13.12
Owned Outright by the Industry	<u>14.51</u>
	<u>161.31</u>
	<u>753.61</u>

Star Transfer Limited

Report of Audit

for the year
ended December 31, 1970

Board of Directors

W. A. Johnston, M.P.P., President, South River

K. Passmore, Vice President and Managing Director, Timmins

E. A. Frith, Vice President, North Bay

C. P. Girdwood, Director, South Porcupine

W. R. Thompson, Director, Swastika

J. A. Kennedy, Director, North Bay

M. A. Palangio, Director, Cochrane

G. H. Stanley, Treasurer, Timmins

T. G. Farmer, Q.C., Secretary, North Bay

Star Transfer Limited

(Incorporated under the laws of Ontario as a Private Company)

Balance Sheet

as at December 31, 1970 (with comparative figures for 1969)

ASSETS

	December 31, 1970	December 31 1969
Current		
Cash (including deposit receipts)	303,517.29	422,297.75
Accounts receivable	482,378.40	394,167.48
Less: Allowance for doubtful accounts.	13,000.00	10,500.00
	<u>469,378.40</u>	<u>383,667.48</u>
 Prepaid expenses and deposits	 19,929.46	 16,660.76
Motor vehicle self-insurance fund		
Cash on deposit	13,697.47	15,675.67
Guaranteed Investment Certificates due		
October 31, 1971, at cost	60,000.00	40,000.00
Accrued interest	954.69	681.54
	<u>74,652.16</u>	<u>56,357.21</u>
 Fixed—at cost		
Land.	93,970.91	93,970.91
Buildings	644,346.44	625,662.65
Less: Accumulated depreciation	226,475.19	204,698.78
	<u>417,871.25</u>	<u>420,963.87</u>
 Trucks, trailers and automobiles	 2,128,750.11	 2,036,555.92
Less: Accumulated depreciation	1,662,870.11	1,518,319.69
	<u>465,880.00</u>	<u>518,236.23</u>
 Equipment, furniture and fixtures	 155,600.25	 149,956.52
Less: Accumulated depreciation	109,607.02	98,107.27
	<u>45,993.23</u>	<u>51,849.25</u>
	<u>1,023,715.39</u>	<u>1,085,020.26</u>
 Truck franchise	 187,760.42	 187,760.42
	<u>2,078,953.12</u>	<u>2,151,763.88</u>

Approved on behalf of the Board

W. A. Johnston, Director

Ken Passmore, Director

Toronto, March 9, 1971.

LIABILITIES

	December 31, 1970	December 31, 1969
	\$	\$
Current		
Accounts payable and accrued expenses	160,894.35	185,096.82
Receiver General re employees' payroll deductions	28,183.79	26,386.69
Accrued wages	58,724.17	51,876.67
Dividends payable	—	140,120.00
	<u>247,802.31</u>	<u>403,480.18</u>
Reserve for motor vehicle self-insurance	74,652.16	56,357.21
Capital and Retained Income		
Capital Stock		
Preference		
6% non cumulative, redeemable, par value \$100.00 each		
Authorized, 443 shares		
Issued and fully paid, 395 shares	39,500.00	39,500.00
Common		
Par Value \$100.00 each		
Authorized, 200 shares		
Issued and fully paid, 145 shares	14,500.00	14,500.00
	<u>54,000.00</u>	<u>54,000.00</u>
Contributed surplus	4,200.00	4,200.00
Retained income	<u>1,698,298.65</u>	<u>1,633,726.49</u>
	<u>1,756,498.65</u>	<u>1,691,926.49</u>
	 <u>2,078,953.12</u>	 <u>2,151,763.88</u>

AUDITOR'S REPORT

To the Shareholders,
Star Transfer Limited, Timmins, Ontario.

I have examined the balance sheet of Star Transfer Limited as at December 31, 1970 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 9, 1971.

George H. Spence, F.C.A.
Provincial Auditor

Statement of Income

for the year ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
	\$	\$
Revenue—		
Transport trucking	3,669,732.88	3,654,180.53
Commissions earned.	7,412.47	8,304.23
Cold storage.	749.11	1,057.38
Heating and icing.	24,621.07	27,064.96
Rentals	1,020.00	845.00
Miscellaneous	32,624.93	24,982.52
	<u>3,736,160.46</u>	<u>3,716,434.62</u>
Expenses—		
Damages	34,985.89	34,600.16
Provisions for depreciation—		
Buildings	21,776.41	21,949.33
Equipment.	11,736.72	13,280.21
Trucks, trailers and automobiles	199,663.42	222,101.24
	<u>233,176.55</u>	<u>257,330.78</u>
Employees' pension fund	26,924.50	26,594.24
Gasoline, oil and diesel fuel	421,631.44	416,640.74
Garage supplies	7,857.02	7,772.90
Garage salaries and wages	189,763.41	178,445.66
Heating and icing.	8,815.69	4,966.12
Loading and stowing	6,706.34	9,283.10
Trip expense.	5,772.64	5,885.28
Purchased transportation	45,607.91	47,136.12
Insurance	69,770.23	72,988.02
Licenses	106,087.92	104,118.14
Light, heat, power and water	18,744.27	17,663.67
Maintenance—		
Buildings	13,571.85	20,096.69
Equipment.	7,012.96	6,360.17
Yard	2,900.86	2,788.09
	<u>23,485.67</u>	<u>29,244.95</u>
Miscellaneous	3,393.49	2,619.47
Municipal taxes	30,256.59	28,726.30
Radiotelephone expense	1,250.75	961.64
Terminal development expense.	11,454.21	—
Rent	11,969.22	11,000.12
Joint terminal expense	25,518.00	19,752.00
Repairs to trucks and trailers	269,708.91	275,725.10
Tires and tubes.	100,432.08	106,679.45
Unemployment insurance.	14,922.95	15,572.42
Vacation pay.	73,094.21	71,005.81
Wages and allowances.	1,313,374.29	1,227,777.43
Welfare payments under agreement	53,884.80	55,020.45
Workmen's compensation.	32,997.32	36,004.88
Security guards and watchmen's wages	21,634.40	19,034.00
Administrative expenses, per statement attached	440,055.97	421,533.83
	<u>3,603,276.67</u>	<u>3,504,082.78</u>
Net profit for the year	<u>132,883.79</u>	<u>212,351.84</u>

Statement of Administrative Expenses

for the year ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
	\$	\$
Advertising	13,403.17	13,050.16
Association dues	6,063.09	4,682.20
Provision for doubtful accounts	4,421.31	3,762.06
Bank charges and interest	970.43	2,212.03
Legal and audit fees	8,290.29	11,733.43
License expense—franchises	200.00	380.00
Office and general	19,138.84	20,128.07
Salaries.	319,677.70	297,592.53
Postage	3,036.30	3,222.27
Salesmen's expenses	4,621.90	4,305.63
Telephone, telegraph and teletype	26,756.34	26,006.71
Travelling	9,145.51	8,675.73
Donations.	1,331.00	2,225.00
Group insurance	13,046.34	12,900.67
Employees' pension plan	8,582.84	8,410.10
Traffic department—stationery	1,370.91	2,247.24
	<u>440,055.97</u>	<u>421,533.83</u>

Statement of Retained Income

for the year ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
	\$	\$
Balance at beginning of period	1,633,726.49	1,550,013.74
Add:		
Net profit for the period	132,883.79	212,351.84
Bad debts recovered.	1,005.65	317.90
Profit on disposal of fixed assets	742.72	11,163.01
	<u>134,632.16</u>	<u>223,832.75</u>
	1,768,358.65	1,773,846.49
Deduct:		
Dividends declared—*		
On preference shares.	2,370.00	2,370.00
On common shares	67,690.00	137,750.00
	<u>70,060.00</u>	<u>140,120.00</u>
Balance at end of period	<u>1,698,298.65</u>	<u>1,633,726.49</u>

*Dividends declared :

Preference Shares—

1970 \$6.00 per share
 1969 \$6.00 per share

Common Shares—

1970 \$466.83 per share
 1969 \$950.00 per share

Statement of Contributed Surplus

for the year ended December 31, 1970

	\$
Balance December 31, 1970	<u>4,200.00</u>
(no change during 1970)	

Statement of Source and Application of Funds

for the year ended December 31, 1970

Source of Funds:	\$
Net income for the year	132,883.79
Provision for depreciation (not requiring an outlay of funds)	233,176.55
Proceeds from sale of fixed assets	10,165.00
Bad debts recovered	1,005.65
	<u>377,230.99</u>

Application of Funds:

Deposits	24.00
Additions to fixed assets	181,293.96
Dividends declared	70,060.00
Increase in working capital	125,853.03
	<u>377,230.99</u>



Star Transfer terminal at Timmins.

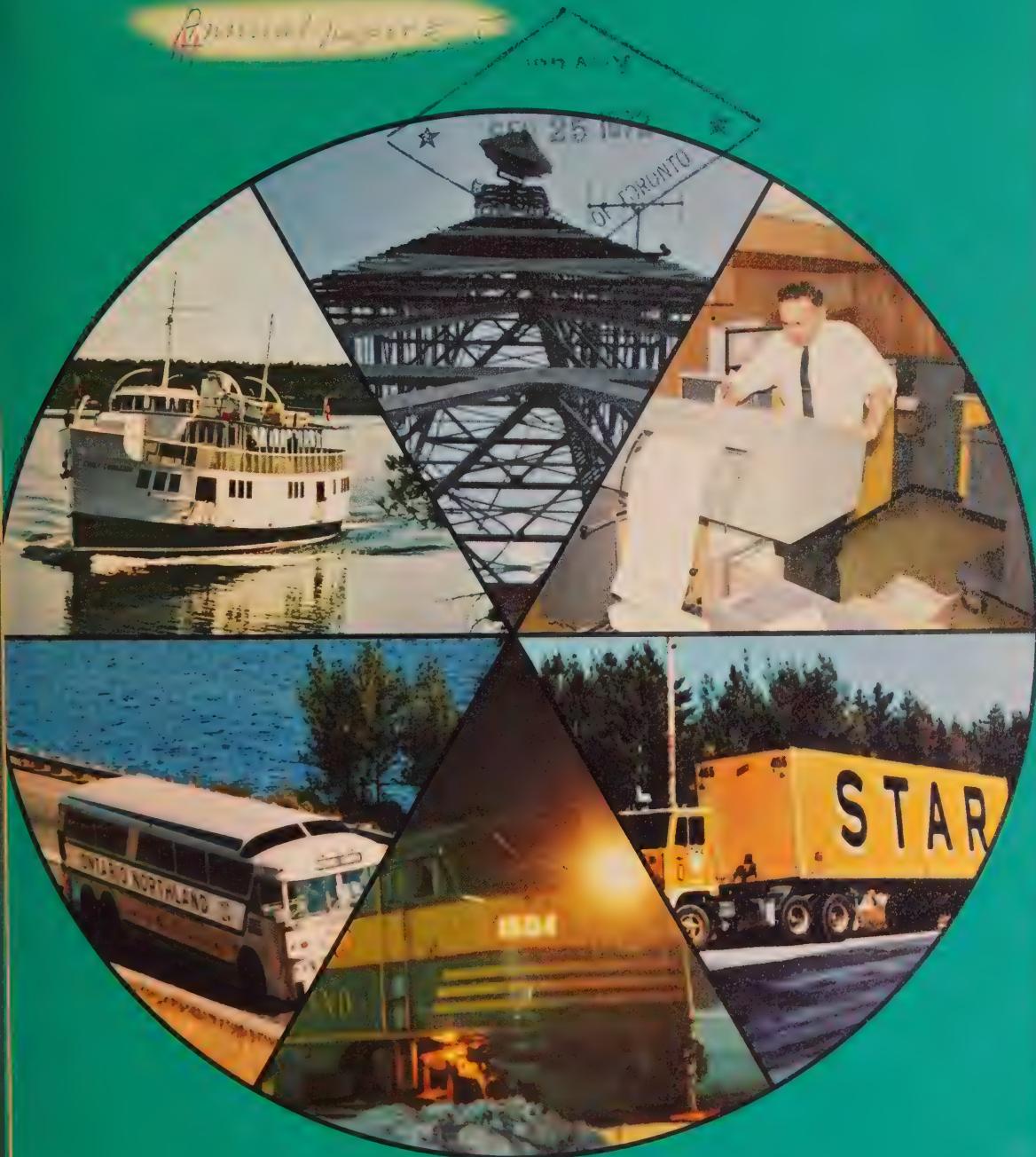


One of Star Transfer Limited modern fleet of trucks

CALON
HY 91
- A56

Ontario Northland TRANSPORTATION COMMISSION

Annual Report 1991
John A. G. Ross



PROVINCE OF ONTARIO

Honourable William G. Davis, Q.C.
Prime Minister

Honourable G. R. Carton, Q.C., Minister
Ministry of Transportation and Communications

*Government
Publications*

71st ANNUAL REPORT
of the
Ontario Northland
Transportation Commission

for the year ended December 31, 1971



ONTARIO

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

The Honourable W. Ross Macdonald,
PC., CD., QC., LLD.,
Lieutenant Governor of the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

I beg leave to present the 71st annual report of the
Ontario Northland Transportation Commission for
the year ending December 31, 1971.

Respectfully submitted,

G. R. Carton, Q.C.,
Minister.

May 3, 1972.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Honourable G. R. Carton, Q.C.,
Minister of Transportation and Communications,
Parliament Buildings,
Toronto, Ontario.

Sir:

I beg to submit the Annual Report for the year 1971
of Ontario Northland Transportation Commission,
and I have the honour to be, Sir,

Yours faithfully,

W. A. Johnston,
Chairman.

May 2, 1972.



Ontario Northland Transportation Commission

W. A. Johnston, Chairman, South River

J. R. Simonett, Vice-Chairman, Sharbot Lake

W. R. Thompson, Industrial Commissioner, Swastika

J. A. Kennedy, Commissioner, North Bay

C. P. Girdwood, Commissioner, South Porcupine

M. A. Palangio, Commissioner, Cochrane

T. G. Farmer, Q.C., Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay

F. S. Clifford, Manager of Rail Services, North Bay

J. S. Cooper, Chief Engineer, North Bay

D. E. MacDougall, Director of Finance, North Bay

L. K. Smiley, Manager of Communications, North Bay

K. Passmore, Manager of Road Transport Services, Timmins

Report of the General Manager

North Bay, Ontario,
May 1, 1972.

Mr. W. A. Johnston,
Chairman.

The following report of operations for the year ended December 31, 1971 is respectfully submitted:

Earnings and Expenses:

Rail, Communications and Miscellaneous Operations:

	<u>1971</u>	<u>1970</u>	<u>Increase (Decrease)</u>
Total Revenue	29,299,842	27,413,567	1,886,275
Total Expense	<u>28,424,536</u>	<u>27,219,332</u>	<u>1,205,204</u>
Net Earnings	875,306	194,235	681,071
<i>Star Transfer Limited</i>			
Total Revenue	4,268,966	3,736,160	532,806
Total Expense	<u>4,067,218</u>	<u>3,603,277</u>	<u>463,941</u>
Net Earnings	201,748	132,883	68,865
All Operations:			
Net Position	1,077,054	327,118	749,936
Number of Employees	2,004	2,024	(20)
Total Payroll	16,194,654	15,212,614	982,040

The net profit of the Commission from all operations (including Star Transfer) was \$1,077,054 or \$749,936 more than the previous year.

The total gross revenue during 1971 reached a record level of \$33,568,808. Increased movement of copper, lead and zinc concentrates and fuel oil, together with an increased number of long distance telephone calls, were the main reasons for the improvement in revenue.

Expenses increased by \$1,669,145 mainly due to wages and fringe benefits, a serious derailment and increased commissions paid to long distance telephone companies.

A special payment from operations which is made annually to the Employees' Contributory Pension Fund increased to \$1,572,000 as the result of improved benefits that were effective during 1971. Part of this annual payment is applied to the Unfunded Liability of the Fund.

Capital Expenditures:

During 1971 \$4,453,000 was spent on new facilities. The major projects were:

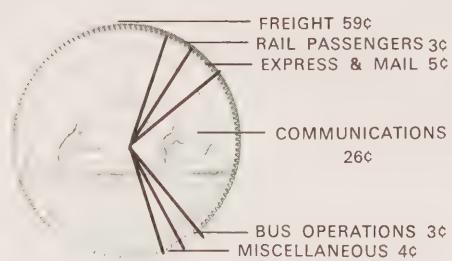
75 100-ton Hopper Cars	\$1,418,100
6.99 miles of new 115 lb. rail and	
10 miles of used relay rail	461,900
35.4 miles of rock ballast and	
18.5 miles of gravel ballast	287,850
23,500 creosoted ties	145,600
Upgrading Box Cars	55,300
Purchase and renovation of 10	
Passenger Coaches	287,100
Land and Building Renovations	105,300
Purchase of three 47 passenger	
buses	220,500
Additional long distance pri-	
vate and public telephone	
circuits	365,800



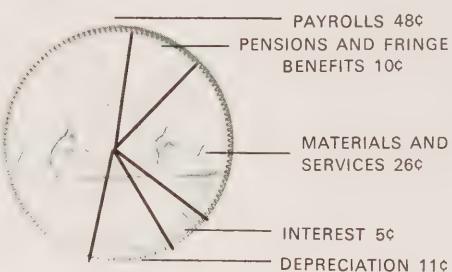
Ontario Northland Transportation Commission

THE RAILWAY'S DOLLAR—1971

Where it came from



Where it went



CARLOAD FREIGHT REVENUE

in millions of dollars



Freight Marketing:

Carload freight growth during 1971 came from the transportation of both raw and manufactured goods, primarily from the marketing of metal concentrates, lumber, newsprint and iron ore pellets.

Carload freight revenues increased to \$17,274,315, an increase of 6.36% over 1970.

Reflecting the Company's concern, Ontario Northland turned its attention to the development and reorganization of marketing methods that would increase sales volumes.

The Traffic and Sales Department was reorganized away from the traditional lines and revamped into a customer-oriented operation, employing techniques that embrace market research and analysis and improved costing and pricing methods.

Freight Marketing representatives were assigned to cover specific territories and customers, Toronto, Montreal, Noranda, and Timmins.

National and regional trends in commodity growth and distribution are closely monitored to ensure penetration of all available markets.

Bringing together Ontario Northland's Marketing resources into one department will ensure that the Company keeps pace with the demands of the transportation market—"Customers are our Business".

Express Freight:

Revenue from Express Freight operations increased by \$11,725 over 1970 revenue.

Express Freight continued a program of updating equipment and facilities by the replacement of delivery trucks and improvements at various terminals.

In line with the policy of assisting in the development of Northern Ontario, Express Freight rates locally on the Ontario Northland Railway continue to be below the rates charged for the same service on other Canadian Railways.

Passenger Services:

Revenue from regular bus services increased by 11.5% while revenue from bus charters in-

creased by 34%. Three buses were purchased, each with seating capacity for 47 passengers and each equipped with air conditioning and washrooms.

A new bus service between Timmins and Sudbury along Highway 144 was introduced in 1971. The distance between these two cities is 195 miles via this highway compared to 308 miles via Kirkland Lake and North Bay. The service has gained public acceptance and the number of passengers travelling on the buses on this route is already exceeding estimated levels.

Revenue from Railway passenger service was higher by 5.2% due to the increased traffic on the summer excursion train between Cochrane and Moosonee.

Tourism:

The popularity of the summer excursion train, The Polar Bear Express, inaugurated by the Commission in 1964 as an experiment, continued to increase in 1971. Over 21,500 passengers were carried on this train between Cochrane and Moosonee during the period from June 13 to September 12. All levels of the economy in Northeastern Ontario have greatly benefited from this tourist attraction.

The Commission's Lodge at Moosonee, which has modern dining facilities and 38 rooms and the Hannah Bay Goose Camp, which is located 45 miles east of Moosonee on the Harricanaw River, both operated successfully in 1971.

The Chief Commanda on Lake Nipissing carried 10,500 passengers during the short summer season and although operated at a deficit, it continues to be an important tourist attraction for the Province and the North Bay area.

Communications:

Communications revenues were 10.7% higher than last year. Expenses were held to an increase of 8.6% with the result that net revenues were up \$338,000 or 15.3%. This was due principally to increased long distance calling in the Timmins and Cochrane areas and additional circuit leases.



One of Ontario Northland's Newest Highway Coaches.



Ontario Northland Efficient Express Freight.



Freight Train Serving Northland Industry.



Modern Communications Tower.

A major program which was started in 1970 to provide direct distance dialing throughout most of the area continues. This program will take three or four years to complete and will make it possible for telephone subscribers to dial direct to most other locations on the nation-wide telephone system.

A Telex exchange was installed at Timmins and additional long distance telephone circuits were added throughout the system to provide for growth.

The Commission's generating plant providing electric power for the public at Moosonee was augmented to provide for increased demand. As a result of increased sales and economies of operation, the rate charged to the public for power was reduced by 14%.

Star Transfer Limited:

1971 was a difficult year for the trucking industry due to the uncertainties of labour negotiations. A contract was finally concluded dating from October 1, 1971 to September 30, 1974 which provided for wage increases totalling 44% over the three year period. As a consequence, freight rates were increased in 1971 and progressively higher labour costs will probably necessitate further rate increases during the life of the contract.

Dollar volume of sales increased 14% and physical volume handled increased 7.5% over 1970.

Labour-Management Relations:

During the year under review, renewals were negotiated to thirteen collective agreements, affecting about 98% of all Ontario Northland scheduled employees. In addition, an improved Employee Benefit Plan was adopted, providing, for the first time, uniform weekly indemnity, life insurance and medicare benefits to all scheduled employees. These agreements will all remain in effect through 1972.

Early in 1971 labour representatives participated in a labour relations course similar to that provided to supervisory personnel. From all reports, this unique experience will promote better understanding on both sides. In addition, numerous meetings were held between individual union representatives and supervisory personnel at all levels.

Pensions:

A Provincial Task Force was appointed late in

the year to study the benefits provided by the Contributory Pension Plan. Their recommendations were accepted and resulted in the first major change in the Plan since 1966 when it was integrated with the Canada Pension Plan.

The changes included an increase in maximum pensions to 70% of average earnings over 5 years and full credit for all service prior to May 1, 1939.

Management Training:

A program of training was initiated a few years ago to develop and improve managerial effectiveness. This is an "in-company" program designed and presented by Ontario Northland personnel, supplemented by selected outside courses for individuals. In 1971 virtually all members of management, from first line supervisors up, were involved in some stage of the training.

Outlook:

The outlook for the Commission's operations in the next decade is encouraging. In 1972, however, there may be a pause and a period of consolidation in the growth pattern of the total revenues, as there are no new major assets coming into service in the territory during that year.

The Texas Gulf Sulphur Company smelter is expected to begin operations in May 1972. Although there will be a decrease in the shipments of zinc concentrates, there will be a compensating increase in revenues from the shipments of zinc ingots and sulphuric acid.

Current business activity and the potential developments in Northern Ontario both suggest a rising demand in the Commission's services in the years ahead.

The planning and the capital projects of the last few years will now be having the effect of partially offsetting the inflationary pressure on the cost of the Commission's services.

1972 will be a year of challenge for the Ontario Northland, but a challenge which can be met with optimism and confidence.

The success of the operations has been largely due to the enthusiasm of the Commission's most valuable asset—its officers and employees. Their support is appreciated and acknowledged with thanks.

Yours very truly,

E. A. Frith, *General Manager*



Ontario Northland Transportation Commission

Balance Sheet

As at December 31, 1971 with Comparative Figures for 1970

ASSETS	1971	1970
Current Assets		
Cash	\$ 94,251.73	\$ 2,030.00
Agents' Balances	2,452,867.59	2,654,420.77
Accounts Receivable	797,622.81	852,362.98
Material and Supplies	2,302,910.91	2,314,834.32
Prepaid Insurance	10,564.74	31,694.20
	<u>5,658,217.78</u>	<u>5,855,342.27</u>
Deferred Charges and Other Assets		
Insurance and Other Funds (Market Value December 31, 1971, \$341,680)	357,498.25	430,280.91
Bus Franchises	122,122.10	122,122.10
Discount and Expenses re Debenture Loan	4,078.63	10,196.35
Deposits	20,000.00	20,000.00
Investment in Telesat Canada	125,000.00	50,000.00
Miscellaneous	23,106.84	42,535.60
	<u>651,805.82</u>	<u>675,134.96</u>
Investment in Wholly Owned Subsidiary		
Star Transfer Limited	691,800.21	691,800.21
Investment in Property		
Road-Main Line and Branches	82,475,251.23	81,061,766.01
-Improvements-Leased Lines	5,339,239.78	5,197,455.01
-Wholly Owned Subsidiary—		
Nipissing Central Railway	4,268,987.29	4,268,987.29
Equipment-Rail and Highway	25,499,636.40	24,193,112.42
-Boat	216,508.61	215,216.19
Miscellaneous	390,519.92	366,764.52
	<u>118,190,143.23</u>	<u>115,303,301.44</u>
Less : Accumulated Depreciation	37,114,536.29	35,285,591.87
	<u>81,075,606.94</u>	<u>80,017,709.57</u>
Contributory Pension Fund Held in Trust (Market Value December 31, 1971, \$17,948,426)	18,741,212.47	16,674,712.00
	<u>\$106,818,643.22</u>	<u>\$103,914,699.01</u>

W. A. Johnston, Chairman.

E. A. Frith, General Manager.

The comments in the report are an integral part of this balance sheet.

LIABILITIES	1971	1970
Current Liabilities		
Bank Overdraft	\$ —	\$ 5,992.65
Demand Loans—Guaranteed by Province of Ontario	24,050,000.00	10,000,000.00
—Province of Ontario	—	12,000,000.00
Accounts Payable	2,147,787.73	1,881,681.95
Traffic Balances	1,657,855.47	3,197,431.29
Debenture maturing in 1972	500,000.00	500,000.00
Accrued Interest	9,583.32	251,112.28
Deposits	75.00	310.00
	<u>\$ 28,365,301.52</u>	<u>\$ 27,836,528.17</u>
Deferred Credits and Reserves		
Deferred rental revenue	169,017.33	270,427.77
Insurance and Other Funds Reserves	357,498.25	430,280.91
Capital Reserve	23,897.75	6,312.36
	<u>550,413.33</u>	<u>707,021.04</u>
Long Term Liabilities		
Debentures—Guaranteed by Province of Ontario—5½% 1972	—	500,000.00
Loan from Province of Ontario, non-interest bearing	30,207,934.92	30,207,934.92
	<u>30,207,934.92</u>	<u>30,707,934.92</u>
Contributory Pension Fund Held in Trust (Contra)	18,741,212.47	16,674,712.00
Retained Income	28,953,780.98	27,988,502.88
	<u>\$106,818,643.22</u>	<u>\$103,914,699.01</u>

AUDITOR'S REPORT

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1971 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Commission as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George H. Spence, F.C.A.
Provincial Auditor



Ontario Northland Transportation Commission

Statement of Retained Income

for the year ended December 31, 1971

Balance December 31, 1970	\$27,988,502.88
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Add:

Net Profit for year ended December 31, 1971	\$945,366.36
Profit on sale of property	19,854.64
Vouchers and Wages written off	1,005.41
	<hr/>
	966,226.41
	<hr/>
	28,954,729.29

Deduct:

Uncollectible Accounts	\$ 948.31
Balance December 31, 1971	<hr/> \$28,953,780.98

Ontario Northland Transportation Commission

Statement of Source and Application of Funds

for the year ended December 31, 1971

Source of Funds

Net Profit for the year	\$ 945,366.36
Provision for Depreciation	2,960,346.50
Amortization of Discount on Debentures	6,117.72
Recovery on Retirement of Fixed Assets.	359,750.86
Profit on Sale of Property	19,854.64
Miscellaneous Items—Net	37,071.25
	<u>\$4,328,507.33</u>

Application of Funds

Additions to Fixed Assets	\$4,377,994.73
Reduction in Long Term Liabilities—	
Transferred to Current Liabilities	500,000.00
Deferred Rental Revenue	101,410.44
Investment in Telesat Canada	75,000.00
Decrease in Working Capital Position.	<u>\$ 5,054,405.17</u>
	<u>\$ 725,897.84</u>

Ontario Northland Transportation Commission

Statement of Income

for the year ended December 31, 1971 with Comparative Figures for 1970

	Year Ended December 31, 1971	Year Ended December 31, 1970
Railway Operating Revenue (For details see Schedule "A" attached)		
Freight Services	\$17,418,501.61	\$16,453,266.62
Passenger Services	992,190.40	925,697.88
Express	1,271,429.69	1,262,027.77
Communications (Commercial)	7,607,257.58	6,870,368.51
All Other	2,010,462.45	1,902,206.65
Total Operating Revenue.	<u>29,299,841.73</u>	<u>27,413,567.43</u>
Railway Operating Expense (For details see Schedule "B" attached)		
Road Maintenance	4,988,330.25	4,628,875.70
Equipment Maintenance	4,057,511.16	3,896,065.96
Traffic	285,597.02	296,223.40
Transportation.	5,728,222.74	5,263,356.55
Express Freight	1,022,013.93	1,035,840.45
Miscellaneous Operations	329,981.27	328,753.88
Communications (Commercial)	5,058,420.18	4,659,544.62
General	1,877,545.89	1,659,823.64
Other: Bus, Boat Line, Hotel	1,131,737.19	1,000,868.51
Total Operating Expense.	<u>24,479,359.63</u>	<u>22,769,352.71</u>
Net Revenue from Railway Operations	<u>\$ 4,820,482.10</u>	<u>\$ 4,644,214.72</u>
Taxes and Rent		
Railway Taxes – Municipal	\$ 184,459.59	\$ 157,620.06
Equipment Rents.	695,599.12	963,012.67
Joint Facility Rents	(50,873.16)	(49,728.00)
Total Taxes and Rents.	<u>829,185.55</u>	<u>1,070,904.73</u>
Net Railway Operating Income	<u>3,991,296.55</u>	<u>3,573,309.99</u>
Other Income		
Dividends–Star Transfer Limited	70,060.00	70,060.00
Other Income Charges	(46,234.65)	(89,130.42)
Total Other Income	<u>23,825.35</u>	<u>(19,070.42)</u>
Income before other charges	<u>4,015,121.90</u>	<u>3,554,239.57</u>
Other Charges		
Interest on Funded Debt	47,916.64	76,666.68
Interest on Unfunded Debt	1,443,683.18	1,774,836.07
Discount and Expenses re Debenture Loan.	6,117.72	6,117.72
Payments towards the Unfunded Liability and Experience Deficiency of Contributory Pension Fund	1,572,038.00	1,432,324.00
Total Other Charges	<u>3,069,755.54</u>	<u>3,289,944.47</u>
Net Profit carried to Retained Income.	<u>\$ 945,366.36</u>	<u>\$ 264,295.10</u>

Ontario Northland Transportation Commission

Details of Operating Revenue

for the year ended December 31, 1971 with comparative figures for 1970

Schedule A

	Year Ended December 31, 1971	Year Ended December 31, 1970
Freight Services		
Freight	\$17,287,507.01	\$16,323,163.02
Switching	11,278.71	17,871.10
Demurrage	118,879.11	110,791.94
Storage	836.78	1,440.56
Total	<u>17,418,501.61</u>	<u>16,453,266.62</u>
Passenger Services		
Passenger	826,240.66	783,620.86
Dining and Buffet Service	115,415.37	113,267.36
News Service and Restaurant	43,897.14	21,296.34
Station, Train and Boat Privileges	1,389.30	1,602.46
Baggage, Transportation and Storage	5,247.93	5,910.86
Total	<u>992,190.40</u>	<u>925,697.88</u>
Express		
Express	1,271,429.69	1,262,027.77
Communications (Commercial)		
Telegraph	359,339.64	350,255.92
Telephone	7,247,917.94	6,520,112.59
Total	<u>7,607,257.58</u>	<u>6,870,368.51</u>
All Other		
Mail	14,938.69	12,615.89
Highway Transport-Bus	967,425.01	869,562.39
Boat Line	71,816.85	68,749.77
Hotel	204,537.76	183,415.42
Power and Water	175,095.96	172,613.03
Rent-Buildings and Other Property	537,412.52	555,669.22
Miscellaneous	39,235.66	39,580.93
Total	<u>2,010,462.45</u>	<u>1,902,206.65</u>
Total Operating Revenue	<u><u>\$29,299,841.73</u></u>	<u><u>\$27,413,567.43</u></u>

**Details of Operating Expense**

for the year ended December 31, 1971 with comparative figures for 1970

Schedule B

	Year Ended December 31, 1971	Year Ended December 31, 1970
Road Maintenance		
<i>Superintendence</i>	\$ 219,670.02	\$ 203,974.14
<i>Track and Roadway</i>		
Track and Roadway Maintenance	1,877,676.58	1,849,966.79
Ties	4,139.07	6,790.94
Rails	64,474.38	1,485.32
Other Track Material	123,236.15	15,329.27
Ballast.	196.00	(422.10)
Fences, Snowsheds and Signs	16,597.84	15,240.66
Small Tools and Supplies	103,132.67	95,665.32
Removing Snow, Ice and Sand	211,492.95	167,736.60
Total	2,400,945.64	2,151,792.80
<i>Bridges and Structures</i>		
Tunnels, Bridges and Culverts.	184,727.35	113,977.19
Station and Office Buildings	110,349.93	129,069.71
Roadway Buildings.	56,056.69	53,190.56
Water and Fuel Stations	11,995.88	10,515.88
Shops and Enginehouses	120,316.07	110,455.23
Power Plant Systems	12,262.83	11,974.05
Other Structures	139.89	173.51
Total	495,848.64	429,356.13
<i>Railway Communications and Signal Systems</i>		
Communications (Rail)	55,500.00	45,007.93
Signals	195,981.20	178,847.07
Total	251,481.20	223,855.00
<i>Miscellaneous</i>		
Roadway Machines.	178,134.06	153,221.75
Injuries to Persons	69,883.82	62,102.88
Insurance	13,787.05	11,327.55
Stationery	4,079.43	5,735.76
Other Expenses	104,951.61	88,800.87
Total	370,835.97	321,188.81
<i>Depreciation and Retirements</i>		
Road and Property Depreciation	1,314,316.87	1,348,680.00
Dismantling Retired Road Property	15,070.15	9,325.37
Total	1,329,387.02	1,358,005.37
<i>Joint Facilities</i>		
Maintaining Joint Facilities.	(79,838.24)	(59,296.55)
Total Road Maintenance	\$ 4,988,330.25	\$ 4,628,875.70

Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1971 with comparative figures for 1970

Schedule B continued

	Year Ended December 31, 1971	Year Ended December 31, 1970
Equipment Maintenance		
<i>Superintendence</i>	\$ 160,673.49	\$ 145,609.52
<i>Machinery</i>		
Shop and Power House Machinery	88,556.40	110,263.20
<i>Equipment</i>		
Diesel Locomotives	1,316,160.07	1,255,456.74
Freight Train Cars	1,018,813.55	1,011,883.14
Passenger Train Cars	392,570.51	347,662.26
Work Equipment	94,730.99	82,379.04
Other Equipment	113.77	(621.42)
Total	2,822,388.89	2,696,759.76
<i>Miscellaneous</i>		
Injuries to Persons	57,575.65	51,410.37
Insurance	101.01	319.85
Stationery	8,812.49	9,173.06
Other Expenses	104,190.09	87,426.12
Total	170,679.24	148,329.40
<i>Depreciation and Retirements</i>		
Other Equipment and Machinery Depreciation	50,687.06	45,016.67
Dismantling Retired Equipment	778.31	1,630.91
Rolling Stock Depreciation	769,992.00	755,688.00
Total	821,457.37	802,335.58
<i>Joint Facilities</i>		
Maintaining Joint Facilities	(6,244.23)	(7,231.50)
Total Equipment Maintenance	\$ 4,057,511.16	\$ 3,896,065.96
Traffic		
Superintendence	\$ 126,933.56	\$ 114,801.44
Agencies	112,772.04	112,527.01
Advertising	4,752.60	5,510.41
Associations	9,280.96	7,276.27
Industrial and Immigration Bureaus	9,131.14	35,664.16
Stationery	18,565.79	16,935.94
Other Expenses	4,160.93	3,508.17
Total Traffic	\$ 285,597.02	\$ 296,223.40



Details of Operating Expense

for the year ended December 31, 1971 with comparative figures for 1970

Schedule B continued

	Year Ended December 31, 1971	Year Ended December 31, 1970
Transportation		
<i>Supervision</i>		
Superintendence	\$ 293,164.73	\$ 252,461.69
Dispatching	154,897.93	141,949.37
Total	<u>448,062.66</u>	<u>394,411.06</u>
<i>Station Services</i>		
Station Employees	595,405.20	552,746.49
Weighing, Inspection and Demurrage	6,905.58	6,622.35
Station Expense	112,292.97	122,502.77
Total	<u>714,603.75</u>	<u>681,871.61</u>
<i>Yard Services</i>		
Yardmasters and Clerks	356,307.86	365,068.37
Yard Trainmen	402,183.47	362,461.07
Yard Switchmen	15,080.10	12,238.52
Yard Enginemen	159,905.38	153,980.88
Yard Locomotive Fuel and Power	32,795.29	30,407.40
Yard Locomotive Water	254.28	236.96
Yard Locomotive Other Supplies	2,562.68	2,063.18
Yard Enginehouse Expense	1,212.35	1,019.45
Yard Other Expenses	15,084.68	14,353.27
Total	<u>985,386.09</u>	<u>941,829.10</u>
<i>Train Operations</i>		
Train Enginemen	567,651.68	567,603.29
Train Locomotive Fuel and Power	677,488.95	661,194.05
Train Locomotive Water	6,015.68	5,004.34
Train Locomotive Other Supplies	56,467.71	52,507.97
Train Enginehouse Expense	362,742.37	326,968.94
Trainmen	921,471.65	869,072.45
Train Other Expenses	669,921.83	621,487.86
Total	<u>3,261,759.87</u>	<u>3,103,838.90</u>
<i>Miscellaneous</i>		
Insurance	—	(360.00)
Signal Operations	4,489.22	2,868.92
Crossing Protection	879.81	820.47
Stationery	38,331.03	38,128.99
Other Expenses	86,747.29	72,860.09
Total	<u>130,447.35</u>	<u>114,318.47</u>
<i>Casualty Costs</i>		
Clearing Wrecks	421,304.51	142,123.93
Damage to Property	25.00	350.00
Loss and Damage—Freight	60,517.69	150,973.86
—Baggage	239.24	197.85
Injuries to Persons	51,375.41	61,625.76
Total	<u>533,461.85</u>	<u>355,271.40</u>
<i>Joint Facilities</i>		
Operating Joint Yards and Terminals	(345,498.83)	(328,183.99)
Total Transportation	<u>\$ 5,728,222.74</u>	<u>\$ 5,263,356.55</u>

Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1971 with comparative figures for 1970

Schedule B continued

	Year Ended December 31, 1971	Year Ended December 31, 1970
Express Freight		
Superintendence	\$ 39,743.88	\$ 37,188.28
<i>Station Services</i>		
Express Freight Employees	675,392.51	677,028.39
Freight Shed Expense	91,994.15	115,600.80
Trainmen	1,141.47	1,368.50
Other Expenses – Train	124,047.29	120,597.70
Stationery	19,708.15	24,362.05
Other Expenses	24,479.57	20,881.37
Loss and Damage – Express Freight	31,219.96	34,313.10
Injuries to Persons	14,286.95	4,500.26
Total	<u>982,270.05</u>	<u>998,652.17</u>
Total Express Freight	<u>\$ 1,022,013.93</u>	<u>\$ 1,035,840.45</u>
Miscellaneous Operations		
Dining and Buffet Service	\$ 145,268.25	\$ 145,437.82
News Service and Restaurant	36,299.05	32,339.46
Power	143,690.14	146,289.67
Water	4,723.83	4,686.93
Total Miscellaneous Operations	<u>\$ 329,981.27</u>	<u>\$ 328,753.88</u>
Communications (Commercial)		
Telegraph Maintenance	\$ 151,780.19	\$ 191,976.82
Telegraph Conducting Operations	86,219.43	92,169.29
Telegraph General	10,625.58	28,212.43
Telegraph Municipal Taxes	4,318.80	7,707.40
Telephone Maintenance	2,019,647.67	1,749,692.80
Telephone Conducting Operations	2,116,731.19	1,976,341.17
Telephone General	587,040.12	533,978.11
Telephone Municipal Taxes	82,057.20	79,466.60
Total Communications	<u>\$ 5,058,420.18</u>	<u>\$ 4,659,544.62</u>

Ontario Northland Transportation Commission



Details of Operating Expense

for the year ended December 31, 1971 with comparative figures for 1970

Schedule B Continued

	Year Ended December 31, 1971	Year Ended December 31, 1970
General		
General Officers	\$ 208,274.26	\$ 178,849.64
Clerks and Attendants.	603,407.82	554,583.28
Office Expenses	120,718.11	85,996.49
Law Expenses	38,394.39	31,518.69
Insurance	21,365.91	21,312.37
Pensions	685,907.24	652,538.33
Stationery	34,424.08	37,490.96
Other Expenses	210,695.27	140,056.35
Joint Facilities General	(45,641.19)	(42,522.47)
Total General	<u>\$ 1,877,545.89</u>	<u>\$ 1,659,823.64</u>
Other Operations		
Highway Transport—Bus	\$ 874,841.86	\$ 764,183.27
Boat Line	87,831.12	92,060.36
Hotel	169,064.21	144,624.88
Total Other Operations	<u>\$ 1,131,737.19</u>	<u>\$ 1,000,868.51</u>
Total Operating Expense.	<u>\$24,479,359.63</u>	<u>\$22,769,352.71</u>

Ontario Northland Transportation Commission

Traffic and Mileage Statistics

for the year ended December 31, 1971

Passenger Traffic

Number of Passengers carried earning revenue	172,719
Number of Passengers carried one mile	335,180
Number of Passengers carried one mile per mile of road	56,590
Average distance carried (miles)	194
Total Passenger Revenue	826,240.66
Average amount received from each passenger	4.78
Average receipts per passenger per mile (cents)	2.70
Total passenger train service revenue	992,190.40
Passenger service train revenue per mile.	1,675.15

Freight Traffic

Number of tons carried earning revenue.	5,639,643
Number of tons carried earning revenue per mile	1,016,638,000
Number of tons carried earning revenue one mile per mile of road	1,717,294
Average distance haul of one ton (miles)	180.3
Total freight revenue	17,287,507.01
Average amount received for each ton	3.07
Average amount received per ton per mile (cents)	1.70
Freight revenue per mile of road.	29,187.08
Freight revenue per train mile	22.19

Bus Traffic

Number of passengers carried earning revenue	165,400
Total passenger revenue	793,528.62
Average receipt per passenger per mile (cents)	58.0
Average amount received per passenger.	4.79
Total passenger bus service revenue	967,425.01
Bus service revenue per mile	70.7
Total passenger service bus expenses.	874,841.86
Total passenger service bus expense per mile (cents)	64.0
Total bus mileage operated 1971	1,367,408

Ontario Northland Transportation Commission



Traffic and Mileage Statistics

for the year ended December 31, 1971

Total Traffic

Operating revenue	29,299,841.73
Operating revenue per mile of road	49,467.91
Operating revenue per train mile	27.01
Operating Expenses.	25,308,545.18
Operating expenses per mile of road	42,729.30
Operating expenses per train mile	23.33
Net operating revenue	3,991,296.55
Net operating revenue per mile of road	6,738.64

Car Mileage

Average number of passengers carried one mile per car mile	17.7
Average number of passengers carried one mile per train mile.	109.7
Average number of passengers cars per train mile	11.3
Mileage of passenger cars	1,960,138
Mileage of loaded freight cars	18,488,748
Mileage of empty freight cars	15,636,673
Average number of freight cars per train mile	43.8
Average number of loaded freight cars per train mile	23.7
Average number of empty freight cars per train mile	20.1
Average number of tons of freight per train mile	1,305
Average number of tons of freight per loaded car mile	55.0
Average number of miles operated during year	592.3

Train Mileage

Mileage of revenue passenger trains	305,518
Mileage of revenue freight cars	779,216
Total revenue train mileage	1,084,734

Ontario Northland Transportation Commission

Details of Railway Equipment

for the year ended December 31, 1971 (with comparative figures for 1970)

	Dec. 31 1970	Additions	Retirements	Dec. 31 1971
Locomotives				
Freight—Steam	0	—	—	0
Diesel—Yard Switcher	4	—	—	4
Diesel Road Switcher	17	—	2	15
Road "A" Units	20	—	—	20
	41	—	2	39
Passenger Equipment				
First Class	15	6	—	21
Combination	3	—	—	3
Restaurant	1	—	—	1
Lunch First Class	4	—	—	4
Mail and Express	14	—	3	11
Box Baggage	2	—	—	2
	39	6	3	42
Freight Revenue Equipment				
Box	868	—	33	835
Flat	102	—	13	89
Hopper	86	72	1	157
Covered Hopper	35	—	3	32
Gondola	100	—	—	100
	1,191	72	50	1,213
Cabooses	19	—	—	19
Steam Generator Cars	1	—	—	1
	1,213	—	—	1,213
Work Equipment				
Business Cars	3	1	—	4
All other cars in Railway Service	212	24	28	208
	215	25	28	212
Total of All Equipment	1,508	103	83	1,526
Highway Equipment				
Bus	14	3	3	14
Trucks	35	5	3	37
Trailers	2	—	1	1
Station Wagons	3	—	—	3
Sedans	3	—	3	0
Transoline 7 Passenger Bus	0	—	—	0
Portable Piggy Back Ramps	2	—	—	2
	59	8	10	57



Ontario Northland Transportation Commission

Miles of Track Operated

for the year ended December 31, 1971

	Miles
Main Line	
North Bay to Timmins	257.20
Porquis to Cochrane	28.20
Cochrane to Moosonee	186.20
	<u>471.60</u>
Branch Lines	
Earlton to Elk Lake.	28.50
Welsh to Iroquois Falls	6.20
Swastika Junction to Noranda	60.00
Adams Junction to Dead End	4.80
Sherman Mine Spur	4.16
Texas Gulf Sulphur Spur	17.05
	<u>120.71</u>
Other Tracks	
Yard Tracks and Sidings	107.67
Public Tracks	15.91
Under private Siding Agreement	12.99
Owned Outright by the Industry	13.33
	<u>149.90</u>
	<u>742.21</u>

Star Transfer Limited

Financial Statements and Auditor's Report

**For the year
ended December 31, 1971**

Board of Directors

W. A. Johnston, President, South River

J. R. Simonett, Vice-President, Sharbot Lake

K. Passmore, Vice-President and Managing Director, Timmins

E. A. Frith, Vice President, North Bay

C. P. Girdwood, Director, South Porcupine

W. R. Thompson, Director, Swastika

J. A. Kennedy, Director, North Bay

M. A. Palangio, Director, Cochrane

G. H. Stanley, Treasurer, Timmins

T. G. Farmer, Q.C., Secretary, North Bay

Star Transfer Limited
 (Incorporated under the laws of Ontario as a Private Company)

Balance Sheet

as at December 31, 1971 (with comparative figures for 1970)

ASSETS

	December 31, 1971	December 31, 1970
Current		
Cash (including deposit receipts)	359,620.90	303,517.29
Guaranteed Investment Certificates due June 23, 1972, at cost	75,000.00	—
Accounts receivable	603,319.33	482,378.40
Less: Allowance for doubtful accounts	15,000.00	13,000.00
	<u>588,319.33</u>	<u>469,378.40</u>
Prepaid expenses and deposits	1,022,940.23	772,895.69
Motor vehicle self-insurance fund	21,344.55	19,929.46
Cash on deposit	19,830.09	13,697.47
Guaranteed Investment Certificates (1971 due October 31, 1973, 1970 due October 31, 1971) at cost	75,000.00	60,000.00
Accrued interest	1,008.70	954.69
	<u>95,838.79</u>	<u>74,652.16</u>
Fixed—at cost		
Land	93,970.91	93,970.91
Buildings	649,526.41	644,346.44
Less: Accumulated depreciation	247,414.27	226,475.19
	<u>402,112.14</u>	<u>417,871.25</u>
Trucks, trailers and automobiles	2,242,476.84	2,128,750.11
Less: Accumulated depreciation	1,725,470.84	1,662,870.11
	<u>517,006.00</u>	<u>465,880.00</u>
Equipment, furniture and fixtures	163,413.98	155,600.25
Less: Accumulated depreciation	120,363.09	109,607.02
	<u>43,050.89</u>	<u>45,993.23</u>
	<u>1,056,139.94</u>	<u>1,023,715.39</u>
Truck franchise—at cost	187,760.42	187,760.42
	<u>2,384,023.93</u>	<u>2,078,953.12</u>

Approved on behalf of the Board

W. A. Johnston, President and Director

Ken Passmore, Vice-President and Director

Toronto, March 10, 1972.

LIABILITIES

	December 31, 1971	December 31, 1970
	\$	\$
Current		
Accounts payable and accrued expenses	182,044.10	160,894.35
Receiver General re employees' payroll deductions	37,207.39	28,183.79
Accrued wages	90,104.96	58,724.17
Dividends payable	70,060.00	—
	<u>379,416.45</u>	<u>247,802.31</u>
Reserve for motor vehicle self-insurance	95,838.79	74,652.16
Capital and Retained Income		
Capital Stock		
Preference		
6% non cumulative, redeemable, par value \$100.00 each		
Authorized, 443 shares		
Issued and fully paid, 395 shares	39,500.00	39,500.00
Common		
Par Value \$100.00 each		
Authorized, 200 shares		
Issued and fully paid, 145 shares	14,500.00	14,500.00
	<u>54,000.00</u>	<u>54,000.00</u>
Contributed surplus	4,200.00	4,200.00
Retained income	1,850,568.69	1,698,298.65
	<u>1,908,768.69</u>	<u>1,756,498.65</u>
	2,384,023.93	2,078,953.12

AUDITOR'S REPORT

To the Shareholders,
Star Transfer Limited, Timmins, Ontario.

I have examined the balance sheet of Star Transfer Limited as at December 31, 1971 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 10, 1972.

George H. Spence, F.C.A.
Provincial Auditor

Star Transfer Limited

Statement of Income

for the year ended December 31, 1971 (with comparative figures for 1970)

	1971	1970
	\$	\$
Revenue—		
Transport trucking	4,173,263.40	3,669,732.88
Commissions earned	7,821.12	7,412.47
Cold Storage	13,404.65	749.11
Heating and icing	28,131.69	24,621.07
Rentals	967.50	1,020.00
Miscellaneous	45,377.92	32,624.93
	4,268,966.28	3,736,160.46
Expenses—		
Damages	43,327.24	34,985.89
Provision for depreciation—		
Buildings	20,939.08	21,776.41
Equipment	10,941.54	11,736.72
Trucks, trailers and automobiles	221,573.97	199,663.42
	253,454.59	233,176.55
Employees' pension fund	41,296.87	26,924.50
Gasoline, oil and diesel fuel	429,019.76	421,631.44
Garage supplies	8,384.60	7,857.02
Garage salaries and wages	215,451.20	189,763.41
Heating and icing	6,413.19	8,815.69
Loading and stowing	9,045.77	6,706.34
Trip expense	7,197.36	5,772.64
Purchased transportation	47,571.73	45,607.91
Insurance	73,441.92	69,770.23
Licenses	117,248.04	106,087.92
Light, heat, power and water	18,298.04	18,744.27
Maintenance—		
Buildings	13,574.44	13,571.85
Equipment	7,356.48	7,012.96
Yard	5,401.07	2,900.86
	26,331.99	23,485.67
Miscellaneous	4,193.25	3,393.49
Municipal taxes	32,271.02	30,256.59
Radiotelephone expense	1,447.94	1,250.75
Terminal development expense	—	11,454.21
Rent	11,451.06	11,969.22
Joint terminal expense	49,164.00	25,518.00
Repairs to trucks and trailers	298,601.81	269,708.91
Tires and tubes	99,202.57	100,432.08
Unemployment insurance	16,635.48	14,922.95
Vacation pay	90,822.27	73,094.21
Wages and allowances	1,557,944.78	1,313,374.29
Welfare payments under agreement	66,633.95	53,884.80
Workmen's compensation	41,285.12	32,997.32
Security guards and watchmen's wages	27,337.40	21,634.40
Administrative expenses, per statement attached	473,745.21	440,055.97
	4,067,218.16	3,603,276.67
Net profit for the year	201,748.12	132,883.79

Star Transfer Limited

Statement of Administrative Expenses

for the year ended December 31, 1971 (with comparative figures for 1970)

	1971	1970
	\$	\$
Advertising	15,030.23	13,403.17
Association dues	6,826.21	6,063.09
Provisions for doubtful accounts	3,987.09	4,421.31
Bank charges and interest	511.07	970.43
Legal and audit fees	8,067.26	8,290.29
License expense—franchises	722.50	200.00
Office and general	23,487.69	19,138.84
Salaries	340,494.70	319,677.70
Postage	3,896.83	3,036.30
Salesmen's expenses	3,989.98	4,621.90
Telephone, telegraph and teletype	27,536.55	26,756.34
Travelling	9,499.45	9,145.51
Donations	1,920.00	1,331.00
Group insurance	14,452.57	13,046.34
Employees' pension plan	10,752.95	8,582.84
Traffic department—stationery	2,570.13	1,370.91
	<u>473,745.21</u>	<u>440,055.97</u>

Star Transfer Limited

Statement of Retained Income

for the year ended December 31, 1971 (with comparative figures for 1970)

	1971	1970
	\$	\$
Balance at beginning of period	1,698,298.65	1,633,726.49
Add:		
Net profit for the period	201,748.12	132,883.79
Bad debts recovered	99.27	1,005.65
Profit on disposal of fixed assets	20,482.65	742.72
	<u>222,330.04</u>	<u>134,632.16</u>
	<u>1,920,628.69</u>	<u>1,768,358.65</u>
Deduct:		
Dividends declared—*		
On preference shares	2,370.00	2,370.00
On common shares	67,690.00	67,690.00
	<u>70,060.00</u>	<u>70,060.00</u>
Balance at end of period	<u>1,850,568.69</u>	<u>1,698,298.65</u>

*Dividends declared :

Preference Shares—
 1971 \$6.00 per share
 1970 6.00 per share

Common Shares—
 1971 \$466.83 per share
 1970 466.83 per share

Statement of Contributed Surplus

for the year ended December 31, 1971

Balance December 31, 1971	\$4,200.00
(no transactions during 1971)	

Star Transfer Limited

Statement of Source and Application of Funds

for the year ended December 31, 1971

Source of Funds:

	\$
Net income for the year	201,748.12
Provision for depreciation (not requiring an outlay of funds)	253,454.59
Proceeds from sale of fixed assets	33,491.40
Bad debts recovered.	99.27
	<u>488,793.38</u>

Application of Funds:

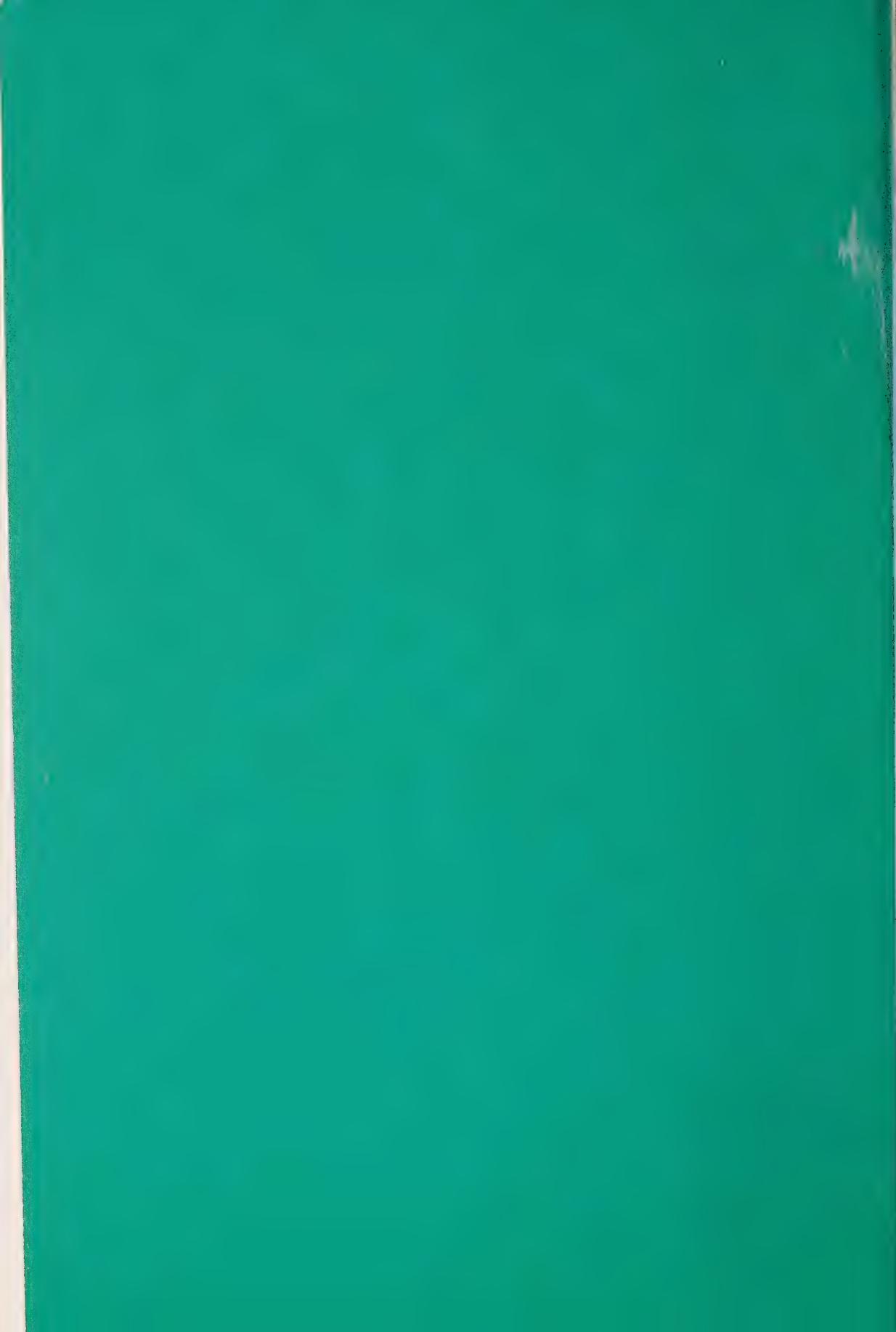
Additions to fixed assets	298,887.89
Dividends declared	70,060.00
Increase in working capital	119,845.49
	<u>488,793.38</u>



Star Transfer Serving Ontario Industry.



Star Transfer Terminal at Timmins.



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 **Ontario Northland**
TRANSPORTATION COMMISSION



PROVINCE OF ONTARIO

Honourable William G. Davis, Q.C.

Prime Minister

Honourable G. R. Carton, Q.C., Minister
Ministry of Transportation and Communications

72nd ANNUAL REPORT
of the
Ontario Northland
Transportation Commission
for the year ended December 31, 1972





ONTARIO

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

The Honourable W. Ross Macdonald,
PC., CD., QC., LLD.,
Lieutenant Governor of the Province of Ontario

MAY IT PLEASE YOUR HONOUR:

I beg leave to present the 72nd annual report of the
Ontario Northland Transportation Commission for
the year ending December 31, 1972.

Respectfully submitted,

G. R. Carton, Q.C.,
Minister.

September 4, 1973

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Honourable G. R. Carton, Q.C.,
Minister of Transportation and Communications,
Parliament Buildings,
Toronto, Ontario.

Sir:

I beg to submit the Annual Report for the year 1972
of Ontario Northland Transportation Commission,
and I have the honour to be, Sir,

Yours faithfully,

J. H. Jessiman, M.P.P.,
Chairman.

September 3, 1973



Ontario Northland Transportation Commission

J. H. Jessiman, M.P.P., Chairman, Thunder Bay

G. C. Demers, Vice-Chairman, Chelmsford

W. A. Johnston, Industrial Commissioner, South River

J. A. Kennedy, Commissioner, North Bay

C. P. Girdwood, Commissioner, Prescott

M. A. Palangio, Commissioner, Cochrane

W. R. Thompson, Commissioner, Kirkland Lake

T. G. Farmer, Q.C., Secretary

PRINCIPAL OFFICERS

E. A. Frith, General Manager and Chief Executive Officer, North Bay

F. S. Clifford, Manager of Rail Services, North Bay

D. E. MacDougall, Director of Finance, North Bay

L. K. Smiley, Manager of Communications, North Bay

Report of the General Manager

North Bay, Ontario,
August 31, 1973.

Mr. J. H. Jessiman, M.P.P.,
Chairman.

The following report of operations for the year ended December 31, 1972 is respectfully submitted:

Earnings and Expenses:

Rail, Communications and Miscellaneous Operations:

	1972	1971	Increase (Decrease)
Total Revenue	30,520,776	29,299,842	1,220,934
Total expense	30,006,150	28,424,536	1,581,614
Net Earnings	514,626	875,306	(360,680)
<i>Star Transfer Limited</i>			
Total Revenue	4,992,049	4,268,966	723,083
Total Expense	4,639,636	4,067,218	572,418
Net Earnings	352,413	201,748	150,665
All Operations:			
Net Position	867,039	1,077,054	(210,015)
Number of Employees	1,992	2,004	(12)
Total Payroll	17,947,700	16,194,654	1,753,046

The net profit of the Commission from all operations (including Star Transfer) was \$867,039 or \$210,015 less than the previous year.

The total gross revenue during 1972 reached a record level of \$35,512,825. Increased movement of copper, lead and zinc concentrates and fuel oil, together with an increased number of long distance telephone calls, were the main reasons for the improvement in revenue.

Expenses increased by \$2,154,032 mainly due to wages and fringe benefits and increased commissions paid to long distance telephone companies.

A special payment from operations which is made annually to the Employees' Contributory Pension Fund increased to \$1,872,000 as the result of improved benefits that were effective during 1972. Part of this annual payment is applied to the Unfunded Liability of the Fund.

Capital Expenditures:

During 1972 \$4,068,963 was spent on new facilities. The major projects were:

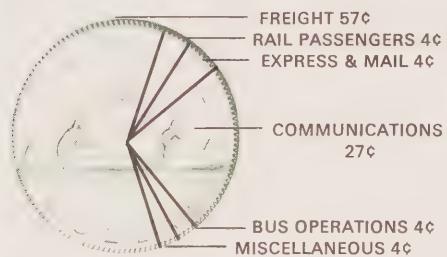
10.7 miles of new 115 lb. rail and 10 miles of used relay rail	801,150
42.4 miles of rock ballast and 17.4 miles of gravel ballast	403,800
26,150 creosoted ties	184,000
Upgrading Box Cars	39,500
Purchase of 25 Bulkhead Flat Cars	500,000
Land and Building Renovations	309,450
Purchase of four 47 passenger buses	298,600
Additional long distance private and public telephone circuits	555,000
Direct Distance Customer Dialing— New Liskeard	770,500



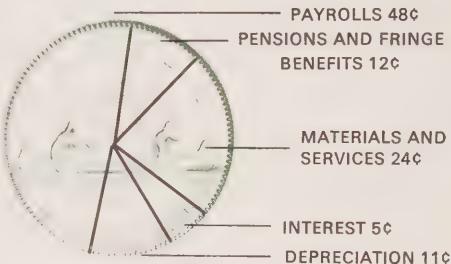
Ontario Northland Transportation Commission

THE RAILWAY'S DOLLAR—1972

Where it came from

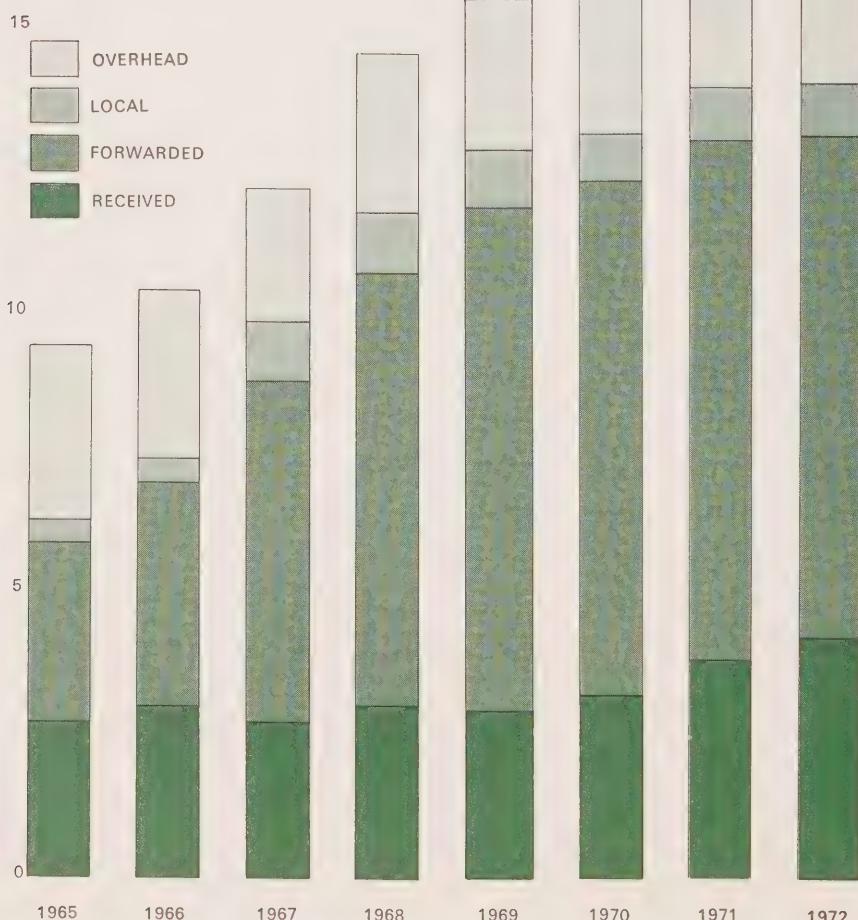


Where it went



CARLOAD FREIGHT REVENUE

in millions of dollars



Freight Marketing:

Carload freight growth increased during 1972 by 5.1%, producing revenues of \$17,362,421, and total tonnage of 5,589,203, reflecting 79,141 carloads. The increased revenue came from the transportation of mine products, newsprint paper, forest products and miscellaneous products, contributing increases of 47%, 14%, 13% and 26% respectively.

Development in various areas was brought about by strong recovery in the newsprint paper and woodpulp markets, directly attributable to a strong economy. This market trend resulted in expansion along Ontario Northland lines, particularly north of Cochrane where the harvesting of natural forest reserves is again taking place, creating considerable stimulation in the area.

A major market change was brought about by the construction and coming-on-stream of the Ecstall Mines Electrolytical Zinc Refinery at Kidd Creek in early May, 1972. This change reflected a 52% reduction in zinc ore concentrates and introduced such new products as zinc metal, zinc leach residue, copper cement and sulphuric acid. These products are marketed in Canada and the U.S.

Notable is the fact that on June 14, 1972, Ontario Northland Railway was the first carrier on the North American continent to transport a 56-car, 5,768-ton unit train of sulphuric acid from Kidd, Ont., to Courtright, Ont.

During the year some disappointments and reduced revenues resulted from the failure of certain projects to materialize, such as the deferral of the Langmuir Project, South Porcupine Nickel Concentrates, to May 1973. Additional factors included the destruction of a lumber producer by fire, the cessation in October of iron pyrites movements due to the closing down of the Quemont Mines and the depletion of the Horne Mine ore body, and the influence of environmental control and abatement.

However, Ontario Northland revenues were maintained and complemented by securing additional blocks of traffic, including iron and steel pipe, cement products, liquid oxygen, copper anodes and concentrates, as well as the Trans-Canada PipeLines Project.

Progress and development during 1972 were very encouraging and the trend continues towards increased growth from such projects as the James Bay Development Corporation and Quebec Hydro Project, Fort George, Quebec. Asbestos production has been stimulated by the Unit-

ed Asbestos Corporation in the Elk Lake area, and there is considerable activity in forest products north of Cochrane with Langmuir now coming into production.

Express Freight:

Revenue from Express Freight operations in 1972 increased by \$53,167 over 1971 revenue.

The program of updating equipment and facilities was continued with the replacement of four pick-up and delivery trucks, the insulation and heating of the shed at Timmins to provide better employee working conditions, yard area paving at Kirkland Lake and North Bay, and renewal of the North Bay transfer platform. The maintenance of express freight rates between points on the Ontario Northland Railway at least 20% below national rates for equivalent distances continued the Commission's policy of assisting in Northern Ontario development.

Passenger Services:

Revenue from regular bus services increased by 30.4% and from charters by 61.5%. Four new buses were purchased, two with a seating capacity of 47 passengers and two equipped with 24 sleeper seats. Sleeper service was inaugurated in June, 1972 with an express service running from Timmins to North Bay to Toronto and return. The new bus service between Timmins and Sudbury along Highway 144 proved to be popular, with a consequent increase in passengers throughout 1972.

Revenue from rail passenger service was up by 11.5%.

Tourism:

The 'Polar Bear Express', the summer excursion train between Cochrane and Moosonee, inaugurated by the Commission in 1964, continued to be popular in 1972. It carried over 41,000 passengers during the period June 18 to September 17. This tourist attraction has greatly benefited the general economy of Northeastern Ontario.

Both the Commission's Lodge at Moosonee, with modern licensed dining facilities and 30 rooms, and the Hannah Bay Goose Camp, 45 miles east of Moosonee on the Harricanaw River, operated successfully in 1972.

The *H.V. Chief Commanda* on Lake Nipissing carried 11,000 passengers during the short summer season. Although operated at a deficit, it continued to be an important tourist attraction for the Province and the North Bay area.



The latest ONR passenger train leaving North Bay.



The new luxury "Sleeper" Coach.



Interior view of the "Sleeper".



Serving industry with efficient Express Freight.



Chief Commanda cruising on Lake Nipissing.

Communications:

Communications revenues showed a 9.9% increase over 1971, and expenses were held to an increase of 4.4%. However, net revenue was 20.5% higher than in 1971, due principally to a 12% rise in long distance calling. The Commission continued its program to provide direct distance telephone dialling service to the Kirkland Lake, New Liskeard, Temagami area which was started in 1970. It is expected that this service will go into operation in October, 1973. The program to provide direct telephone dialling service to the Timmins area is now underway, with anticipated availability late in 1975.

The Cochrane-Moosonee microwave system extension, designed to provide television service to the Moosonee-Moose Factory area, was inaugurated August 1, 1972. Planning continues for the improvement of telecommunications service to the Hudson Bay community of Winisk through the use of Telesat Canada's communications satellite, ANIK 1. If implemented, the service could be operational early in 1974.

Star Transfer Limited:

Star Transfer Limited experienced a good year in 1972 in spite of a lack of large construction projects. Both sales and volume handled showed increases and the trend is expected to continue in 1973.

Preliminary plans for the Toronto terminal expansion are nearing completion and it is hoped construction will be completed by late fall. The cost of this project is estimated at nearly \$450,000. This expansion will enable the company to handle a larger volume and provide much improved service to Northeastern Ontario customers. The new terminal in Hearst is now in operation, enabling Star Transfer Limited to better serve that area.

Labour-Management Relations:

December 31, 1972 marked the termination of collective agreements governing the services of about 98% of Ontario Northland's unionized employees and the individual organizations served notice of their desire for substantial revisions in their contracts.

Generally speaking, the demands were identical to those served on other Canadian railways. While negotiations have not yet been concluded, it became clear at the outset that a significant emphasis would be placed on including pension improvements in the settlement. Previously ne-

gotiations had been limited to a discussion of wages, fringe benefits and general working conditions, with changes in the various pension plans being achieved by other means.

Following a practice established several years ago, regular meetings were again convened in 1972 between the General Chairman of the various labour organizations and representatives of senior management. These meetings continue to provide an excellent forum for discussing matters of mutual interest affecting employees in general. In addition, numerous other meetings were held between individual union representatives and supervisory personnel at all levels.

Safety Department:

An awareness among employees of how important safety is has become quite evident with the tremendous increase in their number taking advantage of the O.N.R.'s subsidized safety shoe and safety glass programs. However, although our lost-time accidents decreased slightly over the year, they were not as low as anticipated. Reports indicate more and more employees are benefiting from the first aid and defensive driving courses taught through the O.N.R. During 1972 many tours were conducted through the North Bay shops. These included visitors from as far away as England. Safety and first aid lectures were also provided to schools, hospitals, etc.

Outlook:

All indications point to substantial growth in Ontario Northland operations in the years ahead. Ambitious expansion plans along Ontario Northland's route, highlighted by the acquisition of barge services, air services and further bus and truck routes indicates 1973 will be a year of challenge for the Ontario Northland, but a challenge which can be met with optimism and confidence.

During the past year the Commission, in its operations, has continued to contribute to and encourage economic growth in the area it serves. The success of these operations is due to the loyal participation of all its employees which is gratefully acknowledged.

Yours very truly,

E. A. Frith, *General Manager*.



Ontario Northland Transportation Commission

Balance Sheet

as at December 31, 1972 with comparative figures for 1971

ASSETS	1972	1971
Current Assets		
Cash	\$ 209,181	\$ 889,006
Accounts receivable	3,129,510	2,455,736
Material and supplies (Note 1)	1,921,417	2,302,911
Prepaid insurance	22,700	10,565
	5,282,808	5,658,218
Deferred Charges and Other Assets—at cost		
Insurance and other funds (approximate market value 1972—\$265,000; 1971—\$341,000)	282,192	357,498
Bus franchise	122,122	122,122
Deposits	20,000	20,000
Investment in Telesat Canada	150,000	125,000
Other	72,617	27,186
	646,931	651,806
Investment in Wholly Owned Subsidiary—at cost		
Star Transfer Limited	691,800	691,800
Investment in Property—at cost		
Road—Main Line and branches	84,910,601	82,475,251
—Improvements—leased lines	5,349,590	5,339,240
—Wholly owned subsidiary— Nipissing Central Railway	4,268,987	4,268,987
Equipment—Rail and highway	26,013,542	25,499,636
—Boat	216,509	216,509
Other	399,520	390,520
	121,158,749	118,190,143
Less: Accumulated depreciation (Note 2)	39,394,811	37,114,536
	81,763,938	81,075,607
Contributory Pension Fund Held in Trust		
(approximate market value 1972—\$21,094,000; 1971—\$17,948,000)	21,276,728	18,741,212
	\$109,662,205	\$106,818,643

Approved on Behalf of the Commission:

J. H. Jessiman, Chairman.

E. A. Frith, General Manager.

LIABILITIES	1972	1971
Current Liabilities		
Demand loans—guaranteed by Province of Ontario	\$ 24,510,000	\$ 24,050,000
Accounts payable and accrued charges	3,795,933	3,815,302
Debenture maturing in 1972	500,000	
	28,305,933	28,365,302
Reserves and Deferred Credits		
Insurance and other funds reserves	282,192	357,498
Deferred rental revenues	67,607	169,017
Other	39,971	23,898
	389,770	550,413
Long Term Liabilities		
Loan from Province of Ontario, non-interest bearing	30,207,935	30,207,935
Contributory Pension Fund Held in Trust (Note 3)	21,276,728	18,741,212
Retained Income	29,481,839	28,953,781
	\$109,662,205	\$106,818,643

AUDITOR'S REPORT

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1972 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Commission as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit, completed in accordance with Section 39 of The Ontario Northland Transportation Commission Act, has been made to the Commission and to the Minister of Transportation and Communications.

Toronto, Ontario,
May 4, 1973.

W. S. Groom,
Provincial Auditor.



Ontario Northland Transportation Commission

Statement of Income

for the year ended December 31, 1972 with comparative figures for 1971

	Year ended December 31, 1972	Year ended December 31, 1971
Railway Operating Revenue		
Freight services	\$17,529,317	\$17,418,502
Passenger services	1,113,909	992,190
Express	1,321,493	1,271,430
Communications (commercial)	8,357,560	7,607,257
All other	2,355,530	2,010,462
Total operating revenue	<u>30,677,809</u>	<u>29,299,841</u>
Railway Operating Expense		
Road maintenance	5,299,252	4,988,330
Equipment maintenance	4,220,849	4,057,511
Traffic	343,027	285,597
Transportation	6,035,029	5,728,223
Express freight	1,062,341	1,022,014
Miscellaneous	386,031	329,981
Communications	5,283,834	5,058,420
General	2,062,741	1,877,546
Other: bus, boat line, hotel	1,405,668	1,131,737
Railway taxes—municipal	183,714	184,460
Equipment rents	572,772	695,599
Joint facility rents	(54,877)	(50,873)
Total operating expense	<u>26,800,381</u>	<u>25,308,545</u>
Income from railway operations	<u>3,877,428</u>	<u>3,991,296</u>
Other Income		
Dividend—Star Transfer Limited	—	70,060
Income before other charges	<u>3,877,428</u>	<u>4,061,356</u>
Other Charges		
Interest on funded debt	\$ 19,167	\$ 47,916
Interest on unfunded debt	1,457,002	1,443,683
Discount and expense re debenture loan	4,079	6,118
Miscellaneous	10,880	46,235
Payments toward the unfunded liabilities of Contributory		
Pension Fund (Note 3)	1,871,674	1,572,038
Total other charges	<u>3,362,802</u>	<u>3,115,990</u>
Net income for the year	<u>\$ 514,626</u>	<u>\$ 945,366</u>

The accompanying notes are an integral part of the financial statements.

Ontario Northland Transportation Commission

Statement of Retained Income

for year ended December 31, 1972 with comparative figures for 1971

Balance December 31, 1971	\$ 28,953,781
Add:	
Net Income for year ended December 31, 1972	\$ 514,626
Profit from sale of property	38,254
Vouchers and Wages written off	1,371
	<u>554,251</u>
	29,508,032
Deduct:	
Uncollectible Accounts	\$ 26,193
Balance December 31, 1972	<u>\$ 29,481,839</u>



Ontario Northland Transportation Commission

Statement of Source and Application of Funds

for the year ended December 31, 1972

Source of funds

Net income for the year	\$ 514,626
Provision for depreciation	3,140,111
Recovery on properties retired	200,715
Profit on sale of property	38,254
	\$ 3,893,706

Application of funds

Additions to investment in	
property	\$ 4,068,963
Deferred rental revenue	101,410
Investment in Telesat Canada	25,000
Other (net)	14,374
	4,209,747
Decrease in working capital position	\$ 316,041

Notes to Financial Statements

December 31, 1972

1. Materials and Supplies

With the exception of used rail all materials and supplies are shown at cost. Used rail is shown at estimated utility value.

2. Depreciation

With the exception of highway equipment depreciation is calculated on the straight line basis at rates based upon the estimated service life of the property. Highway equipment is depreciated on the diminishing balance basis at rates based upon the estimated service life of the equipment.

3. Contributory Pension Fund

As at December 31, 1972, based on the latest actuarial reviews less payments, the remaining unfunded liabilities of the Commission under its Contributory Pension Fund total \$29,835,665. Of this amount \$19,443,107 represents the initial unfunded liability as of January 1, 1965; the balance of \$10,392,558 represents the outstanding amount of unfunded liabilities created subsequent to January 1, 1965. The Commission has been making payments of interest and principal into the Fund in accordance with the Regulations under The Pension Benefits Act. These payments have the effect of:

- Preventing an increase in the initial unfunded liability.
- Liquidating the balance of the unfunded liabilities over a period ending December 31, 1989.

4. Statement Presentation

Certain of the 1971 comparative figures have been restated to reflect the account classifications adopted in 1972.

5. Event Subsequent to Year End

As of January 1, 1973 the communication operations of the Commission in the Province of Quebec were sold to the Northern Telephone Company for an amount of \$1,870,000.

Ontario Northland Transportation Commission

Details of Operating Revenue

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "A"

	Year Ended December 31, 1972	Year Ended December 31, 1971
Freight Service		
Freight.....	\$17,362,421	\$17,287,507
Switching.....	12,238	11,279
Demurrage.....	154,658	118,879
Storage.....	—	837
Total.....	17,529,317	17,418,502
Passenger Services		
Passenger.....	921,077	826,241
Dining and Buffet Service.....	133,384	115,415
News Service and Restaurants.....	52,254	43,897
Station, Train and Boat Privileges.....	—	1,389
Baggage Transportation and Storage.....	7,194	5,248
Total.....	1,113,909	992,190
Express		
Express.....	1,321,493	1,271,430
Communications (Commercial)		
Telegraph.....	358,660	359,339
Telephone.....	7,998,900	7,247,918
Total.....	8,357,560	7,607,257
All Others		
Mail.....	18,043	14,939
Highway Transport—Bus.....	1,261,091	967,425
Boat Line.....	79,012	71,817
Tourist Camps.....	207,780	204,538
Power & Water.....	182,304	175,096
Rent Buildings.....	526,491	537,412
Miscellaneous.....	80,809	39,235
Total.....	2,355,530	2,010,462
Total Operating Revenue.....	\$30,677,809	\$29,299,841



Details of Operating Expense

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "B"

	Year Ended December 31, 1972	Year Ended December 31, 1971
Road Maintenance		
Superintendence	<u>\$ 233,515</u>	<u>\$ 219,670</u>
<i>Track and Roadway</i>		
Track and Roadway Maintenance	1,976,032	1,877,676
Ties	3,765	4,139
Rails	62,873	64,474
Other Track Material	66,528	123,236
Ballast	993	196
Fences, snowsheds and signs	11,387	16,598
Small tools and supplies	136,782	103,133
Removing Snow Ice and Sand	278,519	211,493
Total	<u>2,536,879</u>	<u>2,400,945</u>
<i>Bridges and Structures</i>		
Tunnels, Bridges and Culverts	240,826	184,728
Station and Office Buildings	122,092	110,349
Roadway Buildings	70,805	56,057
Water and Fuel Stations	16,257	11,996
Shops and Enginehouses	120,699	120,316
Power Plant Systems	10,644	12,263
Other Structures	86	140
Total	<u>581,409</u>	<u>495,849</u>
<i>Railway Communications and Signal Systems</i>		
Communications (Rail)	55,500	55,500
Signals	191,268	195,981
Total	<u>246,768</u>	<u>251,481</u>
<i>Miscellaneous</i>		
Roadway Machines	185,273	178,134
Injuries to Persons	66,301	69,884
Public Improvements	498	—
Insurance	13,299	13,787
Stationery	4,297	4,079
Other Expenses	115,825	104,952
Total	<u>385,493</u>	<u>370,836</u>
<i>Depreciation and Retirements</i>		
Road and Property Depreciation	\$ 1,410,620	\$ 1,314,317
Dismantling Retired Property	—	15,070
Total	<u>1,410,620</u>	<u>1,329,387</u>
<i>Joint Facilities</i>		
Maintaining Joint Facilities	(95,432)	(79,838)
Total Road Maintenance	<u>\$ 5,299,252</u>	<u>\$ 4,988,330</u>

Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "B" continued

	Year Ended December 31, 1972	Year Ended December 31, 1971
Equipment Maintenance		
Superintendence	\$ 185,396	\$ 160,673
<i>Machinery</i>		
Shop and Power House Machinery	80,652	88,557
<i>Equipment</i>		
Diesel Locomotives	1,340,982	1,316,160
Freight Train Cars	1,118,225	1,018,814
Passenger Train Cars	398,331	392,571
Work Equipment	101,191	94,731
Other Equipment	158	113
Total	2,958,887	2,822,389
<i>Miscellaneous</i>		
Injuries to Persons	55,141	57,576
Insurance	4,249	101
Stationery	6,876	8,812
Other Expenses	115,338	104,190
Total	181,604	170,679
<i>Depreciation and Retirements</i>		
Other Equipment and Machinery Depreciation	42,402	50,687
Dismantling Retired Equipment	—	778
Rolling Stock Depreciation	777,678	769,992
Total	820,080	821,457
<i>Joint Facilities</i>		
Maintaining Joint Facilities	(5,770)	(6,244)
Total Equipment Maintenance	\$4,220,849	\$4,057,511
<i>Traffic</i>		
Superintendence	\$ 157,138	\$ 126,934
Agencies	132,419	112,772
Advertising	4,258	4,753
Associations	11,793	9,281
Industrial and Immigration Bureaus	5,249	9,131
Stationery	26,702	18,566
Other Expenses	5,468	4,160
Total Traffic	\$ 343,027	\$ 285,597

Ontario Northland Transportation Commission



Details of Operating Expense

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "B" continued

	Year Ended December 31, 1972	Year Ended December 31, 1971
Transportation		
<i>Supervision</i>		
Superintendence	\$ 297,058	\$ 293,165
Despatching	175,018	154,898
Total	<u>472,076</u>	<u>448,063</u>
<i>Station Service</i>		
Station Employees	637,263	595,405
Weighing, Inspection and Demurrage	7,133	6,906
Station Expenses	120,424	112,293
Total	<u>764,820</u>	<u>714,604</u>
<i>Yard Services</i>		
Yardmasters and Clerks	387,891	356,308
Yard Trainmen	419,837	402,183
Yard Switchmen	14,291	15,080
Yard Enginemen	162,309	159,906
Yard Locomotive Fuel and Power	34,954	32,795
Yard Locomotive Water	—	254
Yard Locomotive Other Supplies	3,479	2,563
Yard Enginehouse Expenses	730	1,212
Yard Other Expenses	13,060	15,085
Total	<u>1,036,551</u>	<u>985,386</u>
<i>Train Operations</i>		
Train Enginemen	630,463	567,652
Train Locomotive Fuel and Power	728,336	677,489
Train Locomotive Water	—	6,016
Train Locomotive Other Supplies	59,939	56,468
Train Enginehouse Expenses	427,084	362,742
Trainmen	1,043,917	921,471
Train Other Expenses	709,704	669,922
Total	<u>3,599,443</u>	<u>3,261,760</u>
<i>Miscellaneous</i>		
Signal Operations	4,178	4,489
Crossing Protection	864	880
Stationery	40,154	38,331
Other Expenses	99,030	86,747
Total	<u>144,226</u>	<u>130,447</u>
<i>Casualty Costs</i>		
Clearing Wrecks	\$ 221,174	\$ 421,305
Damage to Property	45	25
Loss and Damage—Freight	91,436	60,518
—Baggage	539	239
Injuries to Persons	64,221	51,375
Total	<u>377,415</u>	<u>533,462</u>
<i>Joint Facilities</i>		
Joint Operating Yards and Terminals	(359,502)	(345,499)
Total Transportation	<u>\$ 6,035,029</u>	<u>\$ 5,728,223</u>

Ontario Northland Transportation Commission

Details of Operating Expense

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "B" continued

	Year Ended December 31, 1972	Year Ended December 31, 1971
Express Freight		
Superintendence	\$ 41,238	\$ 39,744
<i>Station Services</i>		
Express Freight Employees	704,999	675,393
Freight Shed Expense	107,067	91,994
Trainmen	1,608	1,141
Other Expenses—Train	119,756	124,047
Stationery	19,989	19,708
Other Expenses	27,510	24,480
Loss and Damage Freight	34,020	31,220
Injuries—Express Freight	6,154	14,287
Total	<u>1,021,103</u>	<u>982,270</u>
Total Express Freight	<u>\$1,062,341</u>	<u>\$1,022,014</u>
Miscellaneous		
Dining and Buffet Service	185,034	145,268
News Service and Restaurant	44,546	36,299
Power	153,527	143,690
Water	2,924	4,724
Total Miscellaneous Operations	<u>\$ 386,031</u>	<u>\$ 329,981</u>
Communications		
Telegraph Maintenance	156,210	151,780
Telegraph Conducting Operations	88,320	86,219
Telegraph General	14,681	10,626
Telegraph Municipal Taxes	3,985	4,319
Telephone Maintenance	2,168,714	2,019,648
Telephone Conducting Operations	2,166,830	2,116,731
Telephone General	589,447	587,040
Telephone Municipal Taxes	95,647	82,057
Total Communications	<u>\$ 5,283,834</u>	<u>\$ 5,058,420</u>



Details of Operating Expense

for the year ended December 31, 1972 with comparative figures for 1971

Schedule "B" continued

	Year Ended December 31, 1972	Year Ended December 31, 1971
General		
General Officers	\$ 983,137	\$ 208,274
Clerks and Attendants	—	603,408
Office Expenses	—	120,718
Law Expenses	41,595	38,394
Insurance	20,290	21,366
Pensions	726,855	685,908
Stationery	40,977	34,424
Other Expenses	300,690	210,695
Joint Facilities General	(50,803)	(45,641)
Total General	<u>\$2,062,741</u>	<u>\$1,877,546</u>
Other Operations		
Highway Transport Operations—Bus	\$ 1,130,538	\$ 874,842
Boat Line Operation	98,449	87,831
Tourist Camp Operations	176,681	169,064
Total Other Operations	<u>1,405,668</u>	<u>1,131,737</u>
Total Operating Expense	<u>\$26,098,772</u>	<u>\$24,479,359</u>

Ontario Northland Transportation Commission

Traffic and Mileage Statistics

for the year ended December 31, 1972

Passenger Traffic

Number of Passengers carried earning revenue	184,216
Number of Passengers carried one mile	416,230
Number of Passengers carried one mile per mile of road	70,273
Average distance carried (miles)	226
Total Passenger Revenue	921,076.99
Average amount received from each passenger	5.00
Average receipts per passenger per mile (cents)	2.17
Total Passenger Train Service Revenue	1,113,909.40
Passenger Service Train revenue per mile	1,880.06

Freight Traffic

Number of tons carried earning revenue	5,683,411
Number of tons carried earning revenue per mile	1,008,297,000
Number of tons carried earning revenue per mile per mile of road	1,702,342
Average distance haul of one ton (miles)	177.4
Total Freight Revenue	17,362,421.09
Average amount received for each ton	3.05
Average amount received per ton per mile (cents)	1.72
Freight revenue per mile of road	29,313.56
Freight revenue per train mile	20.89

Bus Traffic

Number of Passengers carried earning revenue	199,739
Total Passenger Revenue	1,027,183.00
Average receipt per passenger per mile (cents)63
Average amount received per passenger	5.15
Total Passenger Bus Service Revenue	1,261,183.00
Bus Service Revenue per mile77
Total Passenger Service Bus Expenses	1,130,538.
Total Passenger Service Bus Expense per mile (cents)	69.5
Total Bus mileage operated 1972	1,625,855



Ontario Northland Transportation Commission

Traffic and Mileage Statistics

for the year ended December 31, 1972

Total Traffic

Operating Revenue	30,677,808.88
Operating Revenue per mile of road	51,794.37
Operating Revenue per train mile	24.43
Operating Expenses	26,800,381.10
Operating Expenses per mile of road	45,247.99
Operating Expenses per train mile	21.35
Net Operating Revenue	3,877,427.78
Net Operating Revenue per mile of road	6,546.39

Car Mileage

Average number of passengers carried one mile per car mile	23.0
Average number of passengers carried one mile per train mile	98.1
Average number of passengers cars per train mile	11.3
Mileage of passenger cars	2,364,381
Mileage of loaded freight cars	18,095,247
Mileage of empty freight cars	15,200,739
Average number of freight cars per train mile	40.07
Average number of loaded freight cars per train mile	21.78
Average number of empty freight cars per train mile	18.29
Average number of tons of freight per train mile	1,213
Average number of tons of freight per loaded car mile	55.7
Average number of miles operated 1972	592.3

Train Mileage

Mileage of revenue passenger trains	323,306
Mileage of revenue freight cars	831,133
Total revenue train mileage	1,154,439

Ontario Northland Transportation Commission

Details of Railway Equipment

for the year ended December 31, 1972 with comparative figures for 1971

	Dec. 31 1971	Additions	Retirements	Dec. 31 1972
Locomotives				
Freight—Steam	0	—	—	0
Diesel—Yard Switcher	4	—	—	4
Diesel Road Switcher	15	—	—	15
Road "A" Units	20	—	—	20
	39	—	—	39
Passenger Equipment				
First Class	21	—	—	21
Combination	3	—	—	3
Restaurant	1	—	—	1
Lunch First Class	4	—	—	4
Mail and Express	11	—	—	11
Box Baggage	2	—	—	2
	42	—	—	42
Freight Revenue Equipment				
Box	835	—	21	814
Flat	89	—	8	81
Hopper	157	—	16	141
Covered Hopper	32	—	1	31
Gondola	100	—	—	100
	1,213	—	46	1,167
Cabooses	19	—	—	19
Steam Generator Cars	1	—	—	1
Work Equipment				
Business Cars	4	—	—	4
All other cars in Railway Service	208	32	11	229
	212	32	11	233
Total of All Equipment	1,526	32	57	1,501
Highway Equipment				
Bus	14	4	2	16
Trucks	37	9	5	41
Trailers	1	1	—	2
Station Wagons	3	11	—	14
Sedans	0	6	—	6
Portable Piggy Back Ramps	2	—	—	2
Railtainer	0	2	—	2
	57	33	7	83



Ontario Northland Transportation Commission

Miles of Track Operated

for the year ended December 31, 1972

	Miles
Main Line	
North Bay to Timmins	257.20
Porquis to Cochrane	28.20
Cochrane to Moosonee	<u>186.20</u>
	471.60
Branch Lines	
Earlton to Elk Lake	28.50
Welsh to Iroquois Falls	6.20
Swastika Junction to Noranda	60.00
Adams Junction to Dead End	4.80
Sherman Mine Spur	4.16
Texas Gulf Sulphur Spur	<u>17.05</u>
	120.71
Other Tracks	
Yard Tracks and Sidings	107.53
Public Tracks	15.75
Under private Siding Agreement	13.61
Owned Outright by the Industry	<u>15.00</u>
	151.89
	744.20

Star Transfer Limited

Financial Statements and Auditor's Report

For the year
ended December 31, 1972

Board of Directors

J. H. Jessiman, M.P.P., President, Thunder Bay

E. A. Frith, Vice President, North Bay

G. C. Demers, Director, Chelmsford

W. A. Johnston, Director, South River

C. P. Girdwood, Director, Prescott

W. R. Thompson, Director, Swastika

J. A. Kennedy, Director, North Bay

M. A. Palangio, Director, Cochrane

T. G. Farmer, Q.C., Secretary, North Bay



Star Transfer Limited

(Incorporated under the laws of Ontario as a Private Company)

Balance Sheet

as at December 31, 1972 with comparative figures for 1971

ASSETS	December 31, 1972	December 31, 1971
	\$	\$
Current		
Cash (including deposit receipts).....	73,475	359,621
Guaranteed Investment Certificates due February 11, 1973, at cost	150,000	75,000
Accounts receivable, less allowance for doubtful accounts	697,074	588,319
	920,549	1,022,940
Prepaid expenses and deposits	27,540	21,345
Mortgage receivable	1,331	—
Investments—Marketable Securities—at cost (Note 1)	387,750	—
Motor vehicle self-insurance fund	103,734	95,839
Fixed—at cost (Note 2)		
Construction in progress (Note 3).....	35,443	—
Land	93,046	93,971
Buildings	659,358	649,526
Less: Accumulated depreciation	267,792	247,414
	391,566	402,112
Trucks, trailers and automobiles	2,402,232	2,242,476
Less: Accumulated depreciation	1,855,386	1,725,470
	546,846	517,006
Equipment, furniture and fixtures	183,970	163,414
Less: Accumulated depreciation	133,022	120,363
	50,948	43,051
Truck franchise—at cost	1,117,849	1,056,140
	187,760	187,760
	2,746,513	2,384,024

Approved on behalf of the Board:

J. H. Jessiman, President and Director

E. A. Frith, Vice-President and Director

LIABILITIES	December 31, 1972	December 31, 1971
	\$	\$
Current		
Accounts payable and accrued expenses	241,693	182,044
Receiver General re employees' payroll deductions.....	56,186	37,207
Accrued wages	63,600	90,105
Dividends payable	—	70,060
	<u>361,479</u>	<u>379,416</u>
Reserve for motor vehicle self-insurance	103,734	95,839
Capital and Retained Income		
Capital Stock		
Preference		
6% non cumulative, redeemable, par value \$100.00 each		
Authorized, 443 shares		
Issued and fully paid, 395 shares	39,500	39,500
Common		
Par Value \$100.00 each		
Authorized, 200 shares		
Issued and fully paid, 145 shares	14,500	14,500
	<u>54,000</u>	<u>54,000</u>
Contributed surplus	4,200	4,200
Retained income	2,223,100	1,850,569
	<u>2,281,300</u>	<u>1,908,769</u>
	<u><u>2,746,513</u></u>	<u><u>2,384,024</u></u>

AUDITOR'S REPORT

To the Shareholders,
Star Transfer Limited, Timmins, Ontario.

I have examined the balance sheet of Star Transfer Limited as at December 31, 1972 and the statements of income, retained income and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to Star Transfer Limited and to the Minister of Transportation and Communications.

Toronto, Ontario,
May 11, 1973.

W. S. Groom,
Provincial Auditor.



Star Transfer Limited

Statement of Income

for the year ended December 31, 1972 with comparative figures for 1971

	1972	1971
	\$	\$
Revenue—		
Transport trucking	4,889,958	4,173,263
Commissions earned	10,969	7,821
Heating, icing and cold storage	34,003	41,537
Rentals	979	967
Miscellaneous	56,140	45,378
	4,992,049	4,268,966
Expenses—		
Damages	41,733	43,327
Provision for depreciation—		
Buildings	20,378	20,939
Equipment	12,871	10,942
Trucks, trailers and automobiles	234,363	221,574
	267,612	253,455
Employees' pension fund	84,605	41,297
Gasoline, oil and diesel fuel	440,860	429,020
Garage supplies	9,429	8,385
Garage salaries and wages	272,059	215,451
Heating and icing	6,280	6,413
Loading and stowing	8,622	9,046
Trip expense	5,866	7,197
Purchased transportation	28,215	47,572
Insurance	86,771	73,442
Licenses	118,370	117,248
Light, heat, power and water	20,387	18,298
Maintenance—		
Buildings	15,375	13,574
Equipment	10,897	7,357
Yard	6,453	5,401
	32,725	26,332
Miscellaneous	3,711	4,193
Municipal taxes	33,152	32,271
Radiotelephone expense	1,077	1,448
Safety expense	3,415	
Rent	11,641	11,451
Joint terminal expense	49,296	49,164
Repairs to trucks and trailers	406,377	298,602
Tires and tubes	78,239	99,203
Unemployment insurance	19,827	16,635
Vacation pay	111,279	90,822
Wages and allowances	1,781,919	1,557,945
Welfare payments under agreement	69,360	66,634
Workmen's compensation	56,523	41,285
Security guards and watchmen's wages	28,644	27,337
Administrative expenses, per statement attached	561,641	473,745
	4,639,635	4,067,218
Net profit for the year	352,414	201,748

Star Transfer Limited

Statement of Retained Income

for the year ended December 31, 1972 with comparative figures for 1971

	1972	1971
	\$	\$
Balance at beginning of period	1,850,569	1,698,299
Add:		
Net profit for the period	352,414	201,748
Bad debts recovered	173	100
Profit on disposal of fixed assets	19,944	20,482
	<hr/>	<hr/>
	372,531	222,330
	2,223,100	1,920,629
Deduct:		
Dividends declared—*(1971 only)		
On preference shares	—	2,370
On common shares	—	67,690
	<hr/>	<hr/>
Balance at end of period	2,223,100	1,850,569
	<hr/> <hr/>	<hr/> <hr/>

* Dividends declared:

Preference Shares—

1971 \$6.00 per share
1970 6.00 per share

Common shares—

1971 \$466.83 per share
1970 466.83 per share

Statement of Contributed Surplus

for the year ended December 31, 1972

Balance December 31, 1972	\$ 4,200
(no transactions during 1972)	



Star Transfer Limited

Statement of Source and Application of Funds

for the year ended December 31, 1972

Source of Funds

Net income for the year	\$ 352,414
Provision for depreciation	267,612
Proceeds from sale of fixed assets	36,852
Bad debts recovered	173
	<hr/>
	657,051

Application of Funds

Additions to fixed assets	346,229
Increase in working capital	<hr/>
	\$ 310,822

Star Transfer Limited

Statement of Administrative Expenses

for the year ended December 31, 1972 with comparative figures for 1971

	1972	1971
	\$	\$
Directors' fees	9,600	—
Advertising	13,880	15,030
Association dues	6,757	6,826
Provision for doubtful accounts	5,644	3,987
Bank charges and interest	530	511
Legal and audit fees	13,581	8,067
License expense—franchises	788	723
Office and general	23,361	23,488
Salaries	405,717	340,495
Postage	4,442	3,897
Salesmen's expenses	3,722	3,990
Telephone, telegraph and teletype	28,651	27,536
Travelling	11,753	9,499
Donations	2,145	1,920
Group insurance	13,697	14,453
Employees' pension plan	12,286	10,753
Traffic department—stationery	2,086	2,570
Unemployment insurance expense	3,001	—
	561,641	473,745

Notes to Financial Statements

December 31, 1972

1. Marketable Securities

During the year the company purchased the following marketable securities:
\$200,000 Hydro Electric Power Commission of Ontario 7% Bonds—due April 5, 1997 at a cost of \$191,750.00.
Market value as at December 31, 1972 was \$196,000.00.
\$200,000 Bell Telephone Company of Canada First Mortgage Bonds—Series AW—8%—due April 14, 1993 at a cost of \$196,000.00. Market value as at December 31, 1972 was \$199,000.00.

2. Depreciation

Depreciation on all classes of fixed assets was calculated at the prevailing Capital Cost Allowance rates allowed under the Income Tax Act (Canada) on the diminishing balance basis.

3. Construction in Progress

As at December 31, 1972 a new terminal building at Hearst, Ontario was 85% completed. The amount shown represents costs to that date. No depreciation was taken since the terminal was inoperative and therefore was not producing revenue.



Star Transfer Terminal at Timmins.



Star Transfer Serving Ontario Industry.



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BINDING SECT. AUG 7 1985

